

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

In the Matter of

	) EB Docket No. 07-147
	)
PENDLETON C. WAUGH, CHARLES M.	) File No. EB-06-IH-2112
AUSTIN, and JAY R. BISHOP	) NAL/Acct. No. 200732080025
	)
PREFERRED COMMUNICATION	) FRN No. 0003769049
SYSTEM, INC.	)
	)
Licensee of Various Site-by-Site Licenses	)
in the Specialized Mobile Radio Service	)
	)
PREFERRED ACQUISITION, INC.	) FRN No. 0003786183
	)
Licensee of Various Economic Area Licenses	)
in the 800 MHz Specialized Mobile Radio	)
Services	)

To: Chief Administrative Law Judge  
Richard L. Sippel

**COMMENTS IN SUPPORT OF MOTION**  
**FOR LIMITED INTERVENTION**

Pendleton C. Waugh (“Waugh”), hereby submits Comments in Support of Motion for Limited Intervention pursuant to Sections 1.223, 1.294, and 1.2(h) of the Commission’s rules.

The Motion for Limited Intervention (“Motion”) was filed by Michael D. Judy and other stockholders of Preferred Communications Systems, Inc (“PCSI” or the “Company”)(hereinafter referred to as the “PCSI Stockholders”) on July 17 and sought intervention limited to seeking to hold in abeyance settlement discussions in this proceeding premised upon the several lawsuits they have filed in the Delaware Chancery Court. These lawsuits seek, *inter alia*, to compel Charles M. Austin, the purported sole Director and President of PCSI, to undertake the following actions:

- (1) provide access to certain of the Company's books and records;
- (2) call PCSI's first shareholders meeting in the Company's eleven and one-half (11 ½) year existence to elect a minimum of three and a maximum of eight additional directors to PCSI's Board;<sup>1</sup> and
- (3) cease negotiating a settlement of the FCC Enforcement Bureau's Docket No. 07-147 proceeding unless and until the Company holds its first shareholders meeting at which the additional directors would be elected.

2. One of the underlying premises of these lawsuits is that PCSI's Amended and Restated Certificate of Incorporation requires the Company to have a minimum of four directors one of whom must be elected by the holders of the shares of Series A Preferred Stock so long as 100,000 of such shares remain issued and outstanding. The PCSI Stockholders contend that based upon the Company's Certificate of Incorporation and applicable Delaware law, Mr. Austin has lacked the authority to undertake many of his past actions on behalf of PCSI and Preferred Acquisitions, Inc. ("PAI"), its wholly-owned subsidiary corporation, and lacks any authority to conduct negotiations on behalf of these companies with the FCC's Enforcement Bureau ("EB") to settle or otherwise resolve the EB Docket No 07-147 proceeding.<sup>2</sup>

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<sup>1</sup> Preferred initially amended its Certificate of Incorporation in April 1999. Contemporaneously, it filed a Certificate of Designation for its newly created Series A Preferred Stock with the Delaware Secretary of State. Such Certificate of Designation required the Company to have a minimum of four directors and a maximum of nine directors. Pursuant to such Certificate of Designation, the holders of shares of Series A Preferred Stock had the right to elect one of Preferred's directors as long as 100,000 or more shares of Series A Preferred Stock were issued and outstanding. Upon the shareholders approving the Company's recapitalization proposal in March 2007, the terms and provisions of the Company's Certificate of Designation were incorporated into Preferred's current Amended and Restated Certificate of Incorporation.

<sup>2</sup> Based upon a memorandum prepared by Whitley Penn, CPAs, a Dallas, Texas based regional certified public accounting firm retained by Preferred to prepare a certified audited financial statement for the period December 31, 2005, it appears that Mr. Austin presented a certificate denominated C-18 as issued to him on April 14, 2000. However, the Company's stock register prepared by Ms. Michelle Bishop, the

3. These lawsuits thus raise serious questions as to Mr. Austin's authority to act on behalf of the Company and to take such acts as entering into a settlement of this proceeding on behalf of PCSI. The Company's stockholders, therefore, seek to intervene for the limited purpose of asking the Presiding Judge to hold any proposed settlement in abeyance pending resolution of the Delaware litigation. Waugh supports limited intervention for the following reasons:

4. As the Enforcement Bureau has stated, "No party to the settlement negotiations, ..., is interested in expending time and effort negotiating, executing, and complying with a settlement that would ultimately fail due to Austin's lack of authority."<sup>3</sup> Waugh joins in this concern. The Bureau, however, dismisses such concern by stating that since the PCSI stockholders do not own a majority of PCSI's stock, there exists no likelihood that they will prevail in the lawsuit in the Delaware Chancery Court.<sup>4</sup> As noted above, based upon the recently discovered documents prepared by Mr. Austin and Ms. McClain, serious fact questions exist with respect to Mr. Austin's share ownership and his status as a validly elected director and validly appointed officer. Under applicable Delaware law, it clearly appears that Mr. Austin never was validly issued any shares or warrants.<sup>5</sup> Moreover, the EB fails to cite any authority for its proposition,

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then corporate secretary indicates that such certificate was issued on March 20, 2001 to Gerald M. Setka. In addition, the Preferred stock register has no entry for any certificate issued to Charles M. Austin. Since PCSI has never held a shareholders meeting and has not distributed written consents authorizing the Company to issue shares or common stock purchase warrants to Mr. Austin, he clearly never has been validly issued either such shares or warrants. Moreover, if he never were validly issued shares or warrants, he never could have elected himself as a director. Finally, if he never were validly elected as a director, he never could have validly appointed himself as an officer. Mr. Waugh has attached the recently discovered documents as Exhibit A hereto. He thereby is complying with a continuing request by the FCC EB made during his deposition in late January 2009 to provide documents he discovers that relate to PCSI's stock and warrant ownership.

<sup>3</sup> See Enforcement Bureau's Opposition to Motion for Limited Intervention, para. 7.

<sup>4</sup> See Enforcement Bureau's Opposition to Motions for Limited Intervention, para.8.

<sup>5</sup> Equally important, as noted above as of March 4, 2008 Preferred's stock register does not indicate that Mr. Austin was a shareholder or warrant holder.

nor does it support its charge that the PCSI's stockholder's Motion to Intervene is a clear subterfuge to apply pressure in a private contractual dispute. Rather, if the Delaware lawsuits are successful, and the claims of the PCSI stockholders clearly are substantial, any settlement agreement entered into by Mr. Austin may have to be undone.<sup>6</sup> Common sense and judicial efficiency support the relief that the PCSI stockholders seek.<sup>7</sup>

5. As the Presiding Judge (and his predecessor) have correctly noted in their previous rulings denying intervention, Section 1.223 of the Commission's Rules requires that a petitioner must show how his participation will assist the Commission in the determination of the issues in question, must set forth any proposed issues in addition to those already designated, and must set forth the reasons why it was not possible to file a petition within the time period. *Pendleton C. Waugh, Charles M. Austin, and Jay R. Bishop*, Memorandum Opinion and Order, FCC 09M-48,

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<sup>6</sup> The Company's purported recapitalization transaction that (1) reclassified its shares of Common Stock into two separate and distinct classes and (2) affected a 2:1 forward stock effectively providing Mr. Austin personal voting control (assuming that it somehow could avoid honoring its commitment to issue the equivalent of 800,000 pre-recapitalization transaction shares of Common Stock to the Raymond Hebrank Voting Trust) therefore was ineffective under applicable Delaware law. As a result, PCSI's capitalization structure, share ownership and voting rights remain what they were prior to the purported recapitalization transaction:

Common Stock with each share possessing one vote

Two Series (A and B) of Preferred Stock convertible into shares of Common Stock

Common Stock Purchase Warrants the exercise of which purchases share of Common Stock

Assuming that all of the presently issued and outstanding shares of Preferred Stock and convertible promissory notes are converted into shares of the Company's Class B Common Stock and all of its presently issued and outstanding Class B Common Stock Purchase Warrants are exercised, Mr. Austin would have considerably less than both fifty percent (50%) of the total number of shares issued and outstanding and the total number of votes. He rather easily could be outvoted at a special shareholders' meeting that Michael D. Judy and other Company shareholders are seeking to schedule.

<sup>7</sup> The Enforcement Bureau prematurely faults the PCSI stockholders for not demonstrating irreparable harm and the likelihood of success on the merits. See, Bureau's Opposition, note 12. It is Waugh's understanding that the PCSI stockholders are not seeking a stay at this time, but attempting to intervene so that they can properly seek a stay. Moreover, attempting to effectuate a settlement entered into without authority could very well constitute irreparable harm, especially if the licenses have been assigned.

released July 16, 2009; and *Pendleton C. Waugh, et al.*, Memorandum Opinion and Order, FCC 08M-09, Released February 19, 2008). The prior rulings held that the interests of PCSI shareholders are being represented by the corporate parties and by a corporate officer. Here, the PCSI stockholders have shown that they have an interest in the outcome of the proceeding separate and apart from Mr. Austin and that Mr. Austin likely does not have authority to enter in a settlement agreement on behalf of the Company. The Commission has stated that a stockholder cannot intervene unless it shows a divergent financial or economic interest from the corporation, itself. See, e.g., *La Star Telephone Company*, 6 FCC Rcd 1245 (1991). The PCSI stockholders clearly have made such a showing. Moreover, the decision to permit intervention is within the presiding officer's discretion. *Id.* citing *Listener's Guild, Inc., v. FCC*, 813 F.2d 456, 470 (D.C.Cir, 1987). Under these unique and compelling circumstances, Waugh supports the limited intervention of the PCSI stockholders.

6. WHEREFORE, the premises considered, the Motion for Limited Intervention should be granted.

July 28, 2009

Respectfully submitted,  
PENDLETON C. WAUGH

By: /s/ William D. Silva  
William D. Silva  
His Attorney

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202-362-1711

## **CERTIFICATE OF SERVICE**

I, William D. Silva, certify that I have caused a copy of the foregoing “Comments in Support of Limited Intervention” to be sent by electronic mail, this 28<sup>th</sup> day of July, 2009, to the following (except for Mr. Judy whose copy was sent via U.S. Mail, postage prepaid):

Hon. Richard L. Sippel  
Chief Administrative Law Judge  
Federal Communications Commission  
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/s/ William D. Silva  
William D. Silva

## **EXHIBIT A**

1. PCSI's Common Stock, Preferred Stock, Warrants and Notes Registers believed to have been prepared by Charles M. Austin and Linda McClain in October 2005 in connection with an audited financial statement prepared by Whitley Penn, CPAs , a Dallas, Texas-based Certified Public Accounting firm.
2. PCSI's Warrants Calculator spreadsheet believed to have been prepared by Charles M. Austin.
3. Portions of Whitley Penn's disclosing discrepancies memorandum prepared in late 2005.
4. Audited Fiancial Statement for Preferred Communication Systems, Inc. and Preferred Acquisitions, Inc. for the period ended December, 31, 2005 prepared by Whitley Penn, CPAs.
5. PCSI's Investment History Revised 4 spreadsheet believed to have been prepared by Charles M. Austin and Linda McClain revised through March 4, 2008
6. PCSI's Investment History spreadsheet revised and approved as of October 21, 2005 by Lance Hardenburg, a partner at Hallett & Perrin, PC, PCSI's corporate and securities counsel
7. PCSI's Capitalization Schedules believed to have been prepared by Michael D. Lawler.
8. PCSI's Investor List spreadsheet believed to have been prepared by Charles M. Austin and Linda McClain

Mr. Waugh gained access to theses files due to Mr. Austin's placing them on computers at PCSI's marketing offices in Escondido, California, and Scottsdale, Arizona. Since PCSI used a network arrangement with a server, when Mr. Waugh left these two offices in August 2006 and October 2008, he was provided with thousands of his personal files on an external hard drive and compact discs. These file inadvertently were transferred to him as well due to the sheer volume of his files and the time it would have required to carefully sort through all of them and exclude certain files.

## Common Shares Ledger

CERTIFICATE NUMBER	NAME	NUMBER OF SHARES	DATE ISSUED
C-0	Specimen		
C-1	void		
C-2	Patricia Hewlett	500	3/18/1999
C-3	Anne Lakos	500	3/18/1999
C-4	VOID		
C-5	VOID		
C-6	VOID		
C-7	VOID		
C-8	John G. Talcott II, and or Dortehea J. Talcott	6,250	4/18/1999
C-9	Estate Of Glenn & Vera M. Clark, Trustee	1,333	4/1/1999
C-10	Micheal Judy	6,250	2/10/1999
C-11	Chandu Patel	2,667	5/1/1999
C-12	Divya Patel	1,333	5/1/1999
C-13	Apurva Patel	1,333	5/1/1999
C-14	Sonal Patel	1,333	5/1/1999
C-15	Micheal Judy	2,083	2/16/1999
C-16	Gerald Setka	195,000	6/30/1999
C-17	Ray Hebrank Voting Trust	800,000	4/14/1999
C-18	Gerald Setka	3,500	3/20/2001
C-19	Pactricia Eldridge	1,238	4/15/2004
C-20	David Chinuge	1,650	4/15/2004
<b>Certs to Be Issued or Changed</b>			
	Chandu Patel Changed to Reflect	12,000	
	Divya Patel Changed to Reflect	6,000	
	Apurva Patel Changed to Reflect	6,000	
	Sonal Patel Changed to Reflect	6,000	
	Charles Austin	800,000	
	Jay Bishop	?	
	Chuck Guskey	?	

	Common	Preferred	Combined
1999	1,018,582	190,001	1,210,582
2000	1,018,582	210,002	1,230,584
2001	1,022,082	210,002	1,234,085
2002	1,022,082	210,002	1,234,086
2003	1,022,082	210,002	1,234,087
2004	1,023,320	215,002	1,240,326
2005	1,854,970	271,193	2,126,163

1,018,582  
1,022,082  
1,023,320

1,230,584.00  
20,000,000.00

1,000,000.00

1.230584  
24,611,680.00

271,002

211000  
150000  
61000

0.001

2,126.16



## Common Shares

CERTIFICATE NUMBER	NAME	NUMBER OF SHARES				
C-0	Specimen					
C-1	void					
C-2	Patricia Hewlett	500	500	1250	50,000.00	
C-3	Anne Lakos	500	500	1250	50,000.00	
C-4	VOID			0	-	
C-5	VOID			0	-	
C-6	VOID			0	-	
C-7	VOID			0	-	
C-8	John G. Talcott II, and or Dorthea J. Talcott	6,250	6,250	15625	625,000.00	
C-9	Estate Of Glenn & Vera M. Clark, Trustee	1,333	1,333	3332.5	133,300.00	
C-10	Micheal Judy	6,250	6,250	15625	625,000.00	
C-11	Chandu Patel	2,667	12,000	30000	1,200,000.00	
C-12	Divya Patel	1,333	6,000	15000	600,000.00	
C-13	Apurva Patel	1,333	6,000	15000	600,000.00	
C-14	Sonal Patel	1,333	6,000	15000	600,000.00	
C-15	Micheal Judy	2,083	2,083	5207.5	208,300.00	
C-16	Gerald Setka	195,000	100,000	250000	10,000,000.00	
C-17	Ray Hebrank Voting Trust	800,000	800,000	2000000	80,000,000.00	
C-18	Gerald Setka	3,500	3,500	8750	350,000.00	
	Austin		800,000	2000000	80,000,000.00	
	Bishop		250,000	625000	25,000,000.00	
<b>Certs to Be Issued or Changed</b>			<b>2,000,416</b>	<b>5,001,040.00</b>	<b>200,041,600.00</b>	
	Chandu Patel Changed to Reflect	12,000				
	Divya Patel Changed to Reflect	6,000				
	Apurva Patel Changed to Reflect	6,000				
	Sonal Patel Changed to Reflect	6,000				
	Charles Austin	800,000				
	Jay Bishop	?				
	Chuck Guskey	?				

## Finder Warrant Calculator

Date	Name	Amount	Finder	Warrants	Finder	Warrants	Finder	Warrants	Finder	Warrants
2/9/1999	Michael Judy	\$ 10,000.00	n/a							
2/12/1999	Michael Judy	\$ -	n/a							
2/17/1999	John Talcott III	\$ 30,000.00	n/a							
3/17/1999	Eldredge, Winthrop (formerly Hewlett, P.)	\$ 30,000.00	n/a							
3/30/1999	Glenn Clark	\$ 30,000.00	n/a							
4/6/1999	Leo Hiatrides	\$ 30,000.00	n/a							
4/19/1999	David Chinuge	\$ 12,500.00	n/a							
4/26/1999	Amide Pharmaceutical, Inc.	\$ 275,000.00	n/a							
5/25/1999	David Chinuge	\$ 15,000.00	n/a							
6/24/1999	Amide Pharmaceutical, Inc.	\$ 200,000.00	n/a							
6/28/1999	David Chinuge	\$ 2,500.00	n/a							
7/16/1999	Amide Pharmaceutical, Inc.	\$ 50,000.00	n/a							
8/13/1999	Amide Pharmaceutical, Inc.	\$ 150,000.00	n/a							
11/2/1999	Amide Pharmaceutical, Inc.	\$ 60,000.00	n/a							
1/27/2000	Amide Pharmaceutical, Inc.	\$ 200,000.00	n/a							
5/23/2000	Paul Tucker	\$ 30,000.00	n/a							
5/30/2000	Leo Hiatrides	\$ 30,000.00	n/a							
7/12/2000	Amide Pharmaceutical, Inc.	\$ 15,000.00	n/a							
8/17/2000	Lee Jones	\$ 30,000.00	n/a							
12/14/2000	Schofer, Fred	\$ 30,000.00	n/a							
9/25/2001	Patel, Ameer & Rajen	\$ 54,000.00	n/a							
5/16/2002	Wells, Lyle	\$ 25,000.00	Kevin Hesse	250						
8/23/2002	McLendon, Keith	\$ 25,000.00	Kevin Hesse	250						
9/10/2002	King, Jeffrey	\$ 25,000.00	Kevin Hesse	250						
12/9/2002	Leo Hiatrides	\$ 10,000.00	House							
12/19/2002	McLendon, Keith	\$ 25,000.00	Kevin Hesse	250						
1/3/2003	King, Jeffrey	\$ 25,000.00	Kevin Hesse	250						
1/30/2003	Wells, Lyle	\$ 10,000.00	Kevin Hesse	100						
2/18/2004	Chinuge, David	\$ 25,000.00	Anne Lakos	0						
4/23/2004	Strong, Mark	\$ 5,000.00	Anne Lakos	0						
5/25/2004	Strong, Mark	\$ 10,000.00	Anne Lakos	0						
6/23/2004	Strong, Mark	\$ 10,000.00	Anne Lakos	0						
11/10/2004	Lyle Wells	\$ 22,500.00	House	0						
1/14/2005	Simmons Trust	\$ 25,000.00	VIG	500						
1/14/2005	Simmons, Robert S.	\$ 10,000.00	VIG	500						
1/21/2005	Talcott, John Jr.	\$ 11,250.00	House							
2/9/2005	Lynch, Kevin	\$ 25,000.00	Doc	250	VIG	250				
2/10/2005	AMLAW Pure Trust	\$ 22,500.00	Doc							
2/18/2005	MAKDS Family Trust	\$ 25,002.00	Doc							

## Finder Warrant Calculator

Date	Name	Amount	Finder	Warrants	Finder	Warrants	Finder	Warrants	Finder	Warrants
2/23/2005	Dorsa, Lawrence	\$ 25,002.00	Doc		VIG					
2/25/2005	Traynor, Patrick J.	\$ 25,000.00	VIG	500						
2/28/2005	Allen, Barbara Rev. Trust	\$ 25,002.00	Doc		VIG					
2/28/2005	Allen, C. Robert Rev. Trust	\$ 25,002.00	Doc		VIG					
2/28/2005	Allen, Barbara Rev. Trust	\$ 25,000.00	Doc	250	VIG	250				
2/28/2005	Allen, C. Robert Rev. Trust	\$ 25,000.00	Doc	250	VIG	250				
3/4/2005	Herrick, Jane & James	\$ 20,000.00	Doc	200	VIG	200				
3/4/2005	Herrick, John & Sharlene	\$ 10,000.00	Doc	50	VIG	50				
3/4/2005	Herrick, Julie	\$ 10,000.00	Doc	50	VIG	50				
3/4/2005	Herrick, Mary & Jamison	\$ 25,000.00	Doc	250	VIG	250				
3/7/2005	Brogdon, Ronald G & Mary Ellen	\$ 10,000.00	VIG	200						
3/7/2005	Huckins, Marilyn RLT U/A	\$ 200,000.00	Doc	2000	VIG	2000				
3/7/2005	Peterson, Albert & Loraine TR	\$ 25,000.00	Doc	250	VIG	250				
3/8/2005	Herrick, John & Sharlene	\$ 10,000.00	Doc	50	VIG	50				
3/8/2005	Herrick, Julie	\$ 10,000.00	Doc	50	VIG	50				
3/8/2005	Herrick, Mary & Jamison	\$ 15,000.00	Doc	75	VIG	75				
3/11/2005	Leedy, J.M. RT UTD	\$ 50,000.00	Doc	500	VIG	500				
3/14/2005	Orlof, Wladyslaw	\$ 25,000.00	Doc	250	VIG	250				
3/18/2005	Wall, Duely Bennett	\$ 25,000.00	Doc	250	VIG	250				
3/18/2005	Wall, Steven	\$ 100,000.00	Doc	1000	VIG	1000				
3/25/2005	Johnson, Victoria	\$ 225,000.00	Doc		VIG					
3/25/2005	Menor, Linda M. & Ward, Julia	\$ 11,250.00	Doc		VIG					
3/25/2005	Ward, Bobby & Julia	\$ 48,150.00	Doc		VIG					
3/25/2005	Ward, Susan L. & Julia	\$ 11,250.00	Doc		VIG					
3/25/2005	Ward, Vicki & Julia	\$ 25,200.00	Doc		VIG					
3/25/2005	Eckert, Edwin	\$ 25,000.00	Doc	250	VIG	250				
3/25/2005	Eckert, Eleanor	\$ 25,000.00	Doc	250	VIG	250				
3/28/2005	Trujillo, Ed & Maria	\$ 56,250.00	Doc		VIG					
3/29/2005	Spargur, Aurora SPT	\$ 4,500.00	Doc		VIG					
3/29/2005	Corral, Manuel & Josie	\$ 22,500.00	Doc		VIG					
3/29/2005	Kahancza, Kari & Zsolt	\$ 22,500.00	Doc		VIG					
3/30/2005	Knowles, Edwin C.	\$ 50,000.00	Doc	500	VIG	500				
4/4/2005	Coughlin, Rachel & Edward	\$ 4,500.00	Doc		VIG					
4/4/2005	Marquez, Jule & Val	\$ 9,000.00	Doc		VIG					
4/4/2005	Kampen, Ted	\$ 25,000.00	Doc	250	VIG	250				
4/5/2005	Rather, Mike & Susan, Lisa Farvour	\$ 9,000.00	Doc		VIG					
4/5/2005	Romero, Manuel & Gabriela	\$ 4,500.00	Doc		VIG					
4/5/2005	Zerphey, Mary & Robert	\$ 4,500.00	Doc		VIG					
4/5/2005	Halcott, Ken & Giselle	\$ 25,000.00	Doc	250	VIG	250				

Finder Warrant Calculator

Date	Name	Amount	Finder	Warrants	Finder	Warrants	Finder	Warrants	Finder	Warrants
4/6/2005	Ward, Susan & Duran	\$ 4,500.00	Doc		VIG					
4/6/2005	Langford, Charles & Reba	\$ 25,000.00	Doc	250	VIG	250				
4/6/2005	Langford, James & Kathey	\$ 25,000.00	Doc	250	VIG	250				
4/7/2005	Cwyner, John & Mary	\$ 25,000.00	McDuffy		Doc					
4/7/2005	Langford, Harold & Johnnie	\$ 15,000.00	Doc	150	VIG	150				
4/7/2005	Solic, Jim & Diane	\$ 25,000.00	McDuffy		Doc					
4/7/2005	Towers, John & Virginia	\$ 25,000.00	McDuffy		Doc					
4/11/2005	Johnson, Jeff & Diana RFT	\$ 25,000.00	Doc	250	VIG	250				
4/14/2005	Spargur, Aurora SPT	\$ 18,000.00	Doc		VIG					
4/14/2005	Kellerman, Thomas G. LT UA	\$ 4,500.00	Doc		VIG					
4/14/2005	Gough, Charles & Beverly	\$ 25,000.00	Doc	250	VIG	250				
4/19/2005	Agar, Rodney & Dorothy JTw/ROS	\$ 50,000.00	Doc	500	VIG	250				
4/19/2005	Langford, Harold & Johnnie	\$ 10,000.00	Doc	100	VIG	100				
4/28/2005	Thayer, Richard C. & Mary Jane RT UTD	\$ 25,000.00	Doc	250	VIG	250				
5/2/2005	Brown, Robert & Evelyn	\$ 25,000.00	McDuffy		Doc					
5/6/2005	Brogdon, Ronald G & Mary Ellen	\$ 40,000.00	VIG	800						
5/17/2005	Brown, Kevin & Michelle Family Trust	\$ 25,000.00	McDuffy		Doc					
5/20/2005	Mayfield, The Marcia Trust	\$ 25,000.00	Massey		Maerki		Doc			
6/1/2005	Potts, Jr., John & Marjorie	\$ 25,000.00	Massey		Maerki		Doc			
6/2/2005	Opdyke, Richard	\$ 50,000.00	Massey		Maerki		Doc			
6/3/2005	Kendrick, Gibney & Aileen RLT	\$ 25,000.00	Massey		Maerki		Doc			
6/3/2005	Washington, Jr., James	\$ 25,000.00	Massey		Maerki		Doc			
6/9/2005	Washington, Joseph L.	\$ 100,000.00	Massey		Maerki		Doc			
6/10/2005	Rosner, Brown, Touchstone & Keller	\$ 25,000.00	McDuffy							
6/20/2005	Fairbairn, Garland	\$ 25,000.00	Massey		Maerki		Doc			
6/23/2005	Stephenson, Gary	\$ 25,000.00	Massey		Maerki		Doc			
6/30/2005	Mazurek, Kenneth E.	\$ 25,000.00	Massey		Maerki		Doc			
7/29/2005	Bridges, Leonard & Wilma	\$ 25,000.00	Massey		Maerki		Doc			
7/29/2005	Rodenhauser, Karl J.	\$ 25,000.00	LEO							
8/9/2005	Smith, Bill & Elaine	\$ 50,000.00	McDuffy		Doc					
8/19/2005	Tino, Dennis & Debra	\$ 25,000.00	McDuffy		Doc					
8/24/2005	Nguyen,Ha	\$ 25,000.00	Klein							
9/22/2005	Wall, Patricia	\$ 25,000.00	LEA	500						
9/26/2005	Odell, Byron & Laura	\$ 25,000.00	Massey		Maerki		Doc			
9/26/2005	Thayer, Richard & Mary	\$ 25,000.00								
9/29/2005	Cwynar, John & Mary	\$ 25,000.00	McDuffy		Doc					
10/3/2005	Gregory, Norris & Salena	\$ 25,000.00	ET		LEA					
10/3/2005	Ward, Vicki & Ward, Julia	\$ 25,000.00	ET		LEA					
10/3/2005	Foley, John & Lorraine	\$ 30,000.00	ET		LEA					

# Finder Warrant Calculator

Date	Name	Amount	Finder	Warrants	Finder	Warrants	Finder	Warrants	Finder	Warrants
10/4/2005	Orlof, Wladyslaw	\$ 15,000.00	House							
10/4/2005	Vacio, Norma Bosley Family Trust	\$ 25,000.00	House							
10/4/2005	Calhoun, Walter or Sarah	\$ 25,000.00	Massey		Maerki		Doc			
10/6/2005	Sandoval, Carmen	\$ 25,000.00	ET		LEA					
10/11/2005	Johnson, Victoria	\$ 50,000.00	ET		LEA					
10/11/2005	Ward, Bobby & Julia	\$ 25,000.00	ET		LEA					
10/11/2005	Gutierrez, Miguel & Maria	\$ 25,000.00	ET		LEA					
10/12/2005	Geraci, Larry E.	\$ 100,000.00	LEA	2000						
10/12/2005	Kahancza, Kari & Zsolt	\$ 25,000.00	ET		LEA					
10/14/2005	Plut, Karen B.	\$ 40,000.00	ET		LEA					
10/18/2005	Griffin, Tommie	\$ 25,000.00	BUD		Doc					
10/18/2005	Thomason, Lee & Sue	\$ 25,000.00	LEA		Lakos					
10/19/2005	Traynor, Patrick J.	\$ 50,000.00	LEA	1000						
10/19/2005	Maga, Dominic J. & Lisa Marie	\$ 14,000.00	BUD		Doc					
		\$ 4,454,358.00								
		\$ 2,952,858.00								

## Common Stock

- Shares of common stock given to the Estate of Glenn & Vera Clark in Certificate C-9 issued on 4/1/1999: the updated list has 1,333 but the certificate reviewed showed 6,667.
- Shares of common stock according to Certificate C-18 : the updated list has 3,500 given to Gerald Setka on 3/20/2001 but the certificate reviewed showed 800,000 given to Charles M. Austin on 4/14/2000.
- The updated list also shows that certain amount of common stock shall be issued to Jay Bishop and Chuck Guskey. Do you know how much?

## Preferred Stock

- Shares of preferred stock given to Michael Judy in Certificate P-6 issued on 4/28/1999: the updated list has 2,222 but the certificate reviewed showed 3,333.
- Shares of preferred stock given to John Talcott III in Certificate P-7 issued on 4/16/1999: the updated list has 6,666.67 but the certificate reviewed showed 10,000.
- Shares of preferred stock given to Amide in 1999: the updated list has 163,333.32 but Certificate P-3 issued on 5/1/1999 showed 150,000 and the documents reviewed did not show any other issue of preferred stock to Amide in the year 1999.
- The updated list has 47,777.78 shares of preferred stock issued to Amide in the year 2000 but the documents reviewed did not show any issue of preferred stock to Amide in the year 2000.
- The updated list has 11,555.56 shares of preferred stock issued to Amme and Rajen Patel in the year 2001 but the documents reviewed did not show any issue of preferred stock to Amme and Rajen Patel in the year 2001.
- The updated list has 2,222.22 shares of preferred stock issued to Leo Hiatriides in the year 2002 but the documents reviewed did not show any issue of preferred stock to Leo Hiatriides in the year 2002.

## Debt

- The updated list did not include any debt instruments issued in 1999 but the 2/3/1999 promissory note reviewed showed \$30,000 given by Michael Judy at a 12% interest rate and due in 2 months. It is unclear if the debt has been paid or is outstanding (renewed or past due).
- The updated list did not include any debt instruments issued in 1999 but the 2/12/1999 promissory note reviewed showed \$10,000 given by Michael Judy at a 12% interest rate and due in 2 months. It is unclear if the debt has been paid or is outstanding (renewed or past due).
- The updated list did not include any debt instruments issued in 1999 but the 2/16/1999 promissory note showed \$30,000 given by John and Dorothea Talcott at a 12% interest rate and due in 2 months. It is unclear if the debt has been paid or is outstanding (renewed or past due).
- The updated list has a 10% interest rate on the debt instrument issued for \$25,000 to Keith McLendon but the 8/23/2002 promissory note reviewed showed a 12% interest rate on the debt. It is unclear if the debt has been paid or is outstanding (renewed or past due).
- The updated list has a 10% interest rate on the debt instrument issued for \$25,000 to Keith McLendon but the 12/17/2002 promissory note reviewed showed a 12% interest rate on the debt. It is unclear if the debt has been paid or is outstanding (renewed or past due).
- The updated list has a 10% interest rate on the debt instrument issued for \$25,000 to Jeffrey King but the 9/10/2002 promissory note reviewed showed a 12% interest rate on the debt. It is unclear if the debt has been paid or is outstanding (renewed or past due).
- The updated list has a 10% interest rate on the debt instrument issued for \$25,000 to Jeffrey King but the 1/2/2003 promissory note reviewed showed a 12% interest rate on the debt. It is unclear if the debt has been paid or is outstanding (renewed or past due).
- The updated list has a 10% interest rate on the debt instrument issued for \$10,000 to Lyle Wells but the 1/13/2003 promissory note reviewed showed a 12% interest rate on the debt. It is unclear if the debt has been paid or is outstanding (renewed or past due).

- The updated list establishes that the \$25,000 given by David Chinuge is due in 2 years but the 2/25/2004 promissory note reviewed showed that the debt was due in 6 months. It is unclear if the debt has been paid or is outstanding (renewed or past due).
- The updated list has a debt instrument of \$25,000 given to Wladyslaw Orlof on 3/14/2005 but the documents reviewed did not show such debt offering to Wladyslaw Orlof. This is probably because of the recent date of such offering.
- The updated list has a debt instrument of \$25,000 given to Richard & Mary Thayer on 4/28/2005 but the documents reviewed did not show such debt offering to Richard & Mary Thayer. This is probably because of the recent date of such offering.
- The updated list has a debt instrument of \$25,000 given to Thayer, Richard C. & Mary Jane RT UTD on 9/26/2005 but the documents reviewed did not show such debt offering to Thayer, Richard C. & Mary Jane RT UTD. This is probably because of the recent date of such offering.
- The updated list has a debt instrument of \$15,000 given to Wladyslaw Orlof on 10/4/2005 but the documents reviewed did not show such debt offering to Wladyslaw Orlof. This is probably because of the recent date of such offering.
- The updated list has a debt instrument of \$25,000 given to Tommie Griffin on 10/18/2005 but the documents reviewed did not show such debt offering to Tommie Griffin. This is probably because of the recent date of such offering.
- The updated list has a debt instrument of \$14,000 given to Lisa Marie & Dominic Maga on 10/19/2005 but the documents reviewed did not show such debt offering to Lisa Marie & Dominic Maga. This is probably because of the recent date of such offering.
- The updated list has a debt instrument of \$50,000 given to Allen Robert Rev Trust UTD on 11/16/2005 but the documents reviewed did not show such debt offering to Allen Robert Rev Trust UTD. This is probably because of the recent date of such offering.
- The updated list has a debt instrument of \$50,000 given to Allen Barbara L Rev Trust UTD on 11/16/2005 but the documents reviewed did not show such debt offering to Allen Barbara L Rev Trust UTD. This is probably because of the recent date of such offering.

#### Warrants

- The updated list did not include any debt issued in 1999 but the documents reviewed showed \$30,000 given by Michael Judy on 2/3/1999 at 12% interest rate and due in 2 months. It is unclear if any warrants were issued in relation to this offering.
- The updated list did not include any debt instruments issued in 1999 but the documents reviewed showed \$10,000 given by Michael Judy on 2/12/1999 at 12% interest rate and due in 2 months. It is unclear if any warrants were issued in relation to this offering.
- The updated list did not include any debt instruments issued in 1999 but the documents reviewed showed \$30,000 given by John and Dorothea Talcott on 2/16/1999 at 12% interest rate and due in 2 months. It is unclear if any warrants were issued in relation to this offering.
- The updated list has 5,000 warrants issued to Jeffrey King in 2003 but the 1/2/2003 and 1/13/2003 Common Stock Warrant Certificates reviewed showed 8,000 warrants at a price of \$3 and expiring in 10 years.
- The updated list has 1,200 warrants issued to Mark Strong in the year 2004 but the 5/25/2004 Common Stock Warrant Certificate reviewed showed 2,000 warrants at a price of \$8 and expiring in 5 years.
- The updated list has 1,000 warrants issued to Jane & James Herrick on 3/4/2005 but the 3/8/2005 Common Stock Warrant Certificate reviewed showed 800 warrants at a price of \$10 and expiring in 5 years.
- The updated list has 2,600 warrants issued to Ronald & Mary Brogdon in the year 2005 but the 5/5/2005 Common Stock Warrant Certificate reviewed showed 2,000 warrants at a price of \$10 and expiring in 5 years.
- The updated list has 1,000 warrants issued to Bill and Elaine Smith on 8/9/2005 but the 8/10/2005 Common Stock Warrant Certificate reviewed showed 2,000 warrants at a price of \$10 and expiring in 5 years.

- The updated list has 1,000 warrants issued to Wladyslaw Orlof on 3/14/2005 but the documents reviewed did not show such debt offering to Wladyslaw Orlof. This is probably because of the recent date of such offering.
- The updated list has 1,000 warrants issued to Richard & Mary Thayer on 4/28/2005 but the documents reviewed did not show such debt offering to Richard & Mary Thayer. This is probably because of the recent date of such offering.
- The updated list has 1,000 warrants issued to Thayer, Richard C. & Mary Jane RT UTD on 9/26/2005 but the documents reviewed did not show such debt offering to Thayer, Richard C. & Mary Jane RT UTD. This is probably because of the recent date of such offering.
- The updated list has 600 warrants issued to Wladyslaw Orlof on 10/4/2005 but the documents reviewed did not show such debt offering to Wladyslaw Orlof. This is probably because of the recent date of such offering.
- The updated list has 1,000 warrants issued to Tommie Griffin on 10/18/2005 but the documents reviewed did not show such debt offering to Tommie Griffin. This is probably because of the recent date of such offering.
- The updated list has 560 warrants issued to Lisa Marie & Dominic Maga on 10/19/2005 but the documents reviewed did not show such debt offering to Lisa Marie & Dominic Maga. This is probably because of the recent date of such offering.
- The updated list has 2,000 warrants issued to Allen Robert Rev Trust UTD on 11/16/2005 but the documents reviewed did not show such debt offering to Allen Robert Rev Trust UTD. This is probably because of the recent date of such offering.
- The updated list has 2,000 warrants issued to Allen Barbara L Rev Trust UTD on 11/16/2005 but the documents reviewed did not show such debt offering to Allen Barbara L Rev Trust UTD. This is probably because of the recent date of such offering.



	PCSI	PAI	Elimination	Consolidated
	Dec 31, 05	Dec 31, 05	Dec 31, 05	Dec 31, 05
Ordinary Income/Expense				
Expense				
Appraisals (Assets)	51,454.02			51,454.02
Bank Service Charges	575.45	41.00		616.45
Computer/Network Expense	498.45			498.45
Computer/Network Expense-CA	6,157.79			6,157.79
Consulting Expense	198,690.59			198,690.59
Contract Labor	12,584.50			12,584.50
Contributions	2,000.00			2,000.00
Delware Taxes	2,572.32			2,572.32
Depreciation Expense	38,735.02			38,735.02
Dividends	288,180.00			288,180.00
Dues and Subscriptions	2,449.95			2,449.95
Engineering	(3,000.00)			(3,000.00)
Fees	1,352.50			1,352.50
Independent Sales Agents	357,112.94			357,112.94
Insurance	20,628.07			20,628.07
Interest Expense	125,509.28	3,613,636.00	(80,000.00)	3,659,145.28
Internet Expense	630.98			630.98
Internet Expense-CA	363.01			363.01
Janitorial-CA	1,890.00			1,890.00
Licenses	15,690.00			15,690.00
Office Supplies	8,823.11			8,823.11
Office Supplies-CA	21,176.91			21,176.91
Payroll Expenses	359,784.65			359,784.65
Postage & Delivery-CA	10,200.17			10,200.17
Postage and Delivery	2,771.77			2,771.77
Printing & Reproduction	3,651.84			3,651.84
Printing & Reproduction-CA	2,630.98			2,630.98
Professional Fees	1,100,207.86			1,100,207.86
Public Relations	55,000.00			55,000.00
Rent	136,806.72			136,806.72
Rent-CA	50,340.00			50,340.00
Repairs	1,399.36			1,399.36
Security-CA	253.00			253.00
Telephone	14,777.13			14,777.13
Telephone-CA	4,689.23			4,689.23
Travel & Ent	86,254.46			86,254.46
Utilities	2,389.10			2,389.10
Water Machine-CA	572.66			572.66
Website/Brochure/Graphic Design	20,518.45			20,518.45
Total Expense	3,006,322.27	3,613,677.00	(80,000.00)	6,539,999.27
Net Ordinary Income	(3,006,322.27)	(3,613,677.00)	80,000.00	(6,539,999.27)
Other Income/Expense				
Other Income				
Interest Income	5,029.84	80,000.00	(80,000.00)	5,029.84
Total Other Income	5,029.84	80,000.00	(80,000.00)	5,029.84
Other Expense				
Suspense	202.00			202.00
Total Other Expense	202.00	-	-	202.00
Net Other Income	4,827.84	80,000.00	(80,000.00)	4,827.84
Net Income	(3,001,494.43)	(3,533,677.00)	-	(6,535,171.43)

	PCSI	PAI	Elimination	Consolidated
	Dec 31, 05	Dec 31, 05	Dec 31, 05	Dec 31, 05
Ordinary Income/Expense				
Expense				
Appraisals (Assets)	51,454.02			51,454.02
Bank Service Charges	575.45	41.00		616.45
Computer/Network Expense	498.45			498.45
Computer/Network Expense-CA	6,157.79			6,157.79
Consulting Expense	198,690.59			198,690.59
Contract Labor	12,584.50			12,584.50
Contributions	2,000.00			2,000.00
Delware Taxes	2,572.32			2,572.32
Depreciation Expense	38,735.02			38,735.02
Dividends	288,180.00			288,180.00
Dues and Subscriptions	2,449.95			2,449.95
Engineering	(3,000.00)			(3,000.00)
Fees	1,352.50			1,352.50
Independent Sales Agents	357,112.94			357,112.94
Insurance	20,628.07			20,628.07
Interest Expense	125,509.28	3,613,636.00	(80,000.00)	3,659,145.28
Internet Expense	630.98			630.98
Internet Expense-CA	363.01			363.01
Janitorial-CA	1,890.00			1,890.00
Licenses	15,690.00			15,690.00
Office Supplies	8,823.11			8,823.11
Office Supplies-CA	21,176.91			21,176.91
Payroll Expenses	359,784.65			359,784.65
Postage & Delivery-CA	10,200.17			10,200.17
Postage and Delivery	2,771.77			2,771.77
Printing & Reproduction	3,651.84			3,651.84
Printing & Reproduction-CA	2,630.98			2,630.98
Professional Fees	1,100,207.86			1,100,207.86
Public Relations	55,000.00			55,000.00
Rent	136,806.72			136,806.72
Rent-CA	50,340.00			50,340.00
Repairs	1,399.36			1,399.36
Security-CA	253.00			253.00
Telephone	14,777.13			14,777.13
Telephone-CA	4,689.23			4,689.23
Travel & Ent	86,254.46			86,254.46
Utilities	2,389.10			2,389.10
Water Machine-CA	572.66			572.66
Website/Brochure/Graphic Design	20,518.45			20,518.45
Total Expense	3,006,322.27	3,613,677.00	(80,000.00)	6,539,999.27
Net Ordinary Income	(3,006,322.27)	(3,613,677.00)	80,000.00	(6,539,999.27)
Other Income/Expense				
Other Income				
Interest Income	5,029.84	80,000.00	(80,000.00)	5,029.84
Total Other Income	5,029.84	80,000.00	(80,000.00)	5,029.84
Other Expense				
Suspense	202.00			202.00
Total Other Expense	202.00	-	-	202.00
Net Other Income	4,827.84	80,000.00	(80,000.00)	4,827.84
Net Income	(3,001,494.43)	(3,533,677.00)	-	(6,535,171.43)

	<b>Dec 31, 05</b>
<b>ASSETS</b>	
Other Assets	
FCC Radio Station Authorization	31,694,001.00
Interest Receivable-PCSI Note	515,111.11
Note Receivable from PCSI	1,000,000.00
<b>Total Other Assets</b>	<b>33,209,112.11</b>
<b>TOTAL ASSETS</b>	<b>33,209,112.11</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Accrued Interest	18,363,905.00
Current Portion of LT Debt	31,694,521.01
Due to From PCSI	49,850.30
<b>Total Other Current Liabilities</b>	<b>50,108,276.31</b>
<b>Total Current Liabilities</b>	<b>50,108,276.31</b>
<b>Total Liabilities</b>	<b>50,108,276.31</b>
Equity	
Common Stock	1,000,000.00
Retained Earnings	-14,365,487.20
Net Income	-3,533,677.00
<b>Total Equity</b>	<b>-16,899,164.20</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>33,209,112.11</b>

	<b>Jan - Dec 05</b>
<b>Ordinary Income/Expense</b>	
<b>Expense</b>	
Bank Service Charges	41.00
Interest Expense	3,613,636.00
<b>Total Expense</b>	<b>3,613,677.00</b>
<b>Net Ordinary Income</b>	<b>-3,613,677.00</b>
<b>Other Income/Expense</b>	
<b>Other Income</b>	
Interest Income	80,000.00
<b>Total Other Income</b>	<b>80,000.00</b>
<b>Net Other Income</b>	<b>80,000.00</b>
<b>Net Income</b>	<b>-3,533,677.00</b>

	<b>Dec 31, 05</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
Bank of America 0047-7963-7535	386,522.91
Bank of America 0047-8082-6788	25,984.84
<b>Total Checking/Savings</b>	<u>412,507.75</u>
<b>Other Current Assets</b>	
Prepaid Expenses	4,195.00
<b>Total Other Current Assets</b>	<u>4,195.00</u>
<b>Total Current Assets</b>	416,702.75
<b>Fixed Assets</b>	
Capitalized Cost	850,897.91
Computer/Software	18,943.89
FCC Radio Station Authorization	553,433.33
Furniture	0.00
Office Equipment	3,923.10
Plant Equipment	6,781.13
<b>Total Fixed Assets</b>	<u>1,433,979.36</u>
<b>Other Assets</b>	
Investment - North Sight	100,000.00
Investment in PAI	1,000,000.00
<b>Total Other Assets</b>	<u>1,100,000.00</u>
<b>TOTAL ASSETS</b>	<b><u>2,950,682.11</u></b>

## **LIABILITIES & EQUITY**

### **Liabilities**

#### **Current Liabilities**

##### **Accounts Payable**

Accounts Payable	752,224.51
<b>Total Accounts Payable</b>	<u>752,224.51</u>

##### **Other Current Liabilities**

Accrued Dividend	1,278,648.05
Accrued Interest	880,534.76
Accrued Professional Fees	13,469.63
Current Portion fo LT Debt	150,000.00
Due to/From PAI	-49,850.30
Note Unit Programs	2,856,500.00
Payroll Liabilities	1,069,034.86
Short Term Loans	1,203,270.26
<b>Total Other Current Liabilities</b>	<u>7,401,607.26</u>

<b>Total Current Liabilities</b>	8,153,831.77
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#### **Long Term Liabilities**

	<b>Dec 31, 05</b>
Interest Payable-PAI Note	515,111.11
Note Payable-PAI	1,000,000.00
Notes Payable - Licensees	912,800.00
<b>Total Long Term Liabilities</b>	<b>2,427,911.11</b>
<b>Total Liabilities</b>	<b>10,581,742.88</b>
<b>Equity</b>	
Accounts Receivable - Charles A	-800.00
Accounts Receivable - Gerry Set	-10.00
Accounts Receivable - Jay Bisho	-125.00
Accounts Receivable - Ray Hebra	-800.00
Additonal Paid In Capital	1,322,187.53
Capital Stock	2,229.47
Dividends Paid	-6,600.00
Preferred Stock Series A	855,652.00
Retained Earnings	-6,801,300.34
Net Income	-3,001,494.43
<b>Total Equity</b>	<b>-7,631,060.77</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>2,950,682.11</b>

**Jan - Dec 05**

**Ordinary Income/Expense**

**Expense**

Appraisals (Assets)	51,454.02
Bank Service Charges	575.45
Computer/Network Expense	498.45
Computer/Network Expense-CA	6,157.79
Consulting Expense	198,690.59
Contract Labor	12,584.50
Contributions	2,000.00
Delware Taxes	2,572.32
Depreciation Expense	38,735.02
Dividends	288,180.00
Dues and Subscriptions	2,449.95
Engineering	-3,000.00
Fees	1,352.50
Independent Sales Agents	357,112.94
Insurance	20,628.07
Interest Expense	125,509.28
Internet Expense	630.98
Internet Expense-CA	363.01
Janitorial-CA	1,890.00
Licenses	15,690.00
Office Supplies	8,823.11
Office Supplies-CA	21,176.91
Payroll Expenses	359,784.65
Postage & Delivery-CA	10,200.17
Postage and Delivery	2,771.77
Printing & Reproduction	3,651.84
Printing & Reproduction-CA	2,630.98
Professional Fees	1,100,207.86
Public Relations	55,000.00
Rent	136,806.72
Rent-CA	50,340.00
Repairs	1,399.36
Security-CA	253.00
Telephone	14,777.13
Telephone-CA	4,689.23
Travel & Ent	86,254.46
Utilities	2,389.10
Water Machine-CA	572.66
Website/Brochure/Graphic Design	20,518.45

<b>Total Expense</b>	<b>3,006,322.27</b>
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<b>Net Ordinary Income</b>	<b>-3,006,322.27</b>
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**Other Income/Expense**

**Other Income**

Interest Income	5,029.84
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<b>Total Other Income</b>	<b>5,029.84</b>
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**Other Expense**

Suspense	202.00
Total Other Expense	202.00

Net Other Income	4,827.84
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Net Income	-3,001,494.43
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	PCSI Dec 31, 05	PAI Dec 31, 05	Eliminations Dec 31, 05	Total Dec 31, 05
<b>ASSETS</b>				
<b>Current Assets</b>				
Checking/Savings				
Bank of America 0047-7963-7535	386,522.91			386,522.91
Bank of America 0047-8082-6788	25,984.84			25,984.84
Total Checking/Savings	412,507.75	-	-	412,507.75
Other Current Assets				
FCC Radio Station Authorization		31,694,001.00		31,694,001.00
Interest Receivable-PCSI Note		515,111.11	(515,111.11)	-
Note Receivable from PCSI		1,000,000.00	(1,000,000.00)	-
Prepaid Expenses	4,195.00			4,195.00
Total Other Current Assets	4,195.00	33,209,112.11	(1,515,111.11)	31,698,196.00
Total Current Assets	416,702.75	33,209,112.11	(1,515,111.11)	32,110,703.75
<b>Fixed Assets</b>				
Capitalized Cost	850,897.91			850,897.91
Computer/Software	18,943.89			18,943.89
FCC Radio Station Authorization	553,433.33			553,433.33
Furniture	-			-
Office Equipment	3,923.10			3,923.10
Plant Equipment	6,781.13			6,781.13
Total Fixed Assets	1,433,979.36	-	-	1,433,979.36
<b>Other Assets</b>				
Investment - North Sight	100,000.00			100,000.00
Investment in PAI	1,000,000.00		(1,000,000.00)	-
Total Other Assets	1,100,000.00	-	(1,000,000.00)	100,000.00
<b>TOTAL ASSETS</b>	<b>2,950,682.11</b>	<b>33,209,112.11</b>	<b>(2,515,111.11)</b>	<b>33,644,683.11</b>
<b>LIABILITIES &amp; EQUITY</b>				
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts Payable				
Accounts Payable	752,224.51			752,224.51
Total Accounts Payable	752,224.51	-	-	752,224.51

<b>Other Current Liabilities</b>				
Accrued Dividend	1,278,648.05			1,278,648.05
Accrued Interest	880,534.76	18,363,905.00		19,244,439.76
Accrued Professional Fees	13,469.63			13,469.63
Current Portion fo LT Debt	150,000.00	31,694,521.01		31,844,521.01
Due to From PCSI		49,850.30		49,850.30
Due to/From PAI	(49,850.30)			(49,850.30)
Note Unit Programs	2,856,500.00			2,856,500.00
Payroll Liabilities	1,069,034.86			1,069,034.86
Short Term Loans	1,203,270.26			1,203,270.26
<b>Total Other Current Liabilities</b>	<b>7,401,607.26</b>	<b>50,108,276.31</b>	<b>-</b>	<b>57,509,883.57</b>
<b>Total Current Liabilities</b>	<b>8,153,831.77</b>	<b>50,108,276.31</b>	<b>-</b>	<b>58,262,108.08</b>
<b>Long Term Liabilities</b>				
Interest Payable-PAI Note	515,111.11		(515,111.11)	-
Note Payable-PAI	1,000,000.00		(1,000,000.00)	-
Notes Payable - Licensees	912,800.00			912,800.00
<b>Total Long Term Liabilities</b>	<b>2,427,911.11</b>	<b>-</b>	<b>(1,515,111.11)</b>	<b>912,800.00</b>
<b>Total Liabilities</b>	<b>10,581,742.88</b>	<b>50,108,276.31</b>	<b>(1,515,111.11)</b>	<b>59,174,908.08</b>
<b>Equity</b>				
Accounts Receivable - Charles A	(800.00)			(800.00)
Accounts Receivable - Gerry Set	(10.00)			(10.00)
Accounts Receivable - Jay Bisho	(125.00)			(125.00)
Accounts Receivable - Ray Hebra	(800.00)			(800.00)
Additonal Paid In Capital	1,322,187.53			1,322,187.53
Common Stock		1,000,000.00	(1,000,000.00)	-
Capital Stock	2,229.47			2,229.47
Dividends Paid	(6,600.00)			(6,600.00)
Preferred Stock Series A	855,652.00			855,652.00
Retained Earnings	(6,801,300.34)	(14,365,487.20)		(21,166,787.54)
Net Income	(3,001,494.43)	(3,533,677.00)		(6,535,171.43)
<b>Total Equity</b>	<b>(7,631,060.77)</b>	<b>(16,899,164.20)</b>	<b>(1,000,000.00)</b>	<b>(25,530,224.97)</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>2,950,682.11</b>	<b>33,209,112.11</b>	<b>(2,515,111.11)</b>	<b>33,644,683.11</b>

**PREFERRED COMMUNICATIONS**  
**CONSOLIDATED BALANCE SHEET**

	<b>December 31, 2005</b>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 412,508
FCC Radio Station Authorizations	31,694,001
Prepaid expenses	4,195
Total current assets	<u>32,110,704</u>
Investment - North Sight	100,000
Property, plant and equipment, net	1,433,979
Other assets	<u>-</u>
Total assets	<u><u>\$ 33,644,683</u></u>

	<b>December 31, 2005</b>
<b>Liabilities and Stockholders' Equity</b>	
Current liabilities:	
Accounts payable	\$ 752,225
Accrued expenses	1,082,504
Accrued Dividends	1,278,648
Accrued Interest	19,244,440
Current portion of long-term debt	31,844,521
Note Unit Program	2,856,500
Short Term Loans	1,203,270
Total current liabilities	<u>58,262,108</u>
Long-term liabilities:	
Notes Payable Licensees	912,800
Total long-term liabilities	<u>912,800</u>
Total liabilities	<u>59,174,908</u>

See accompanying notes to consolidated financial statements.

Commitments and contingencies	-
Stockholders' equity:	
Common stock	2,229
Preferred Stock	855,652
Accounts Receivable	(1,735)
Additional paid-in capital	1,322,188
Dividends Paid	(6,600)
Retained earnings	<u>(27,701,959)</u>
Total stockholders' equity	<u>(25,530,225)</u>
Total liabilities and stockholders' equity	<u>\$ 33,644,683</u>

See accompanying notes to consolidated financial statements.

Date	Name	State	Amount	Comment	Terms
12/3/97	Charles D. Guskey	TX	\$ 1,000.00	Wire Transfer	Unpapered Loan
12/7/97	Charles D. Guskey	TX	\$ 1,000.00	Wire Transfer	Unpapered Loan
12/11/97	Charles D. Guskey	TX	\$ 1,000.00	Wire Transfer	Unpapered Loan
12/24/97	Charles D. Guskey	TX	\$ 1,064.00	Western Union	Unpapered Loan
12/29/97	Charles D. Guskey	TX	\$ 5,000.00	Wire Transfer	Unpapered Loan
1/19/98	Charles D. Guskey	TX	\$ 542.00	Western Union	Unpapered Loan
1/22/98	Charles D. Guskey	TX	\$ 542.00	Western Union	Unpapered Loan
1/30/98	Charles D. Guskey	TX	\$ 543.00	Western Union	Unpapered Loan
2/13/98	Charles D. Guskey	TX	\$ 543.00	Western Union	Unpapered Loan
2/20/98	Charles D. Guskey	TX	\$ 329.00	Western Union	Unpapered Loan
2/27/98	Charles D. Guskey	TX	\$ 1,068.00	Western Union	Unpapered Loan
3/16/98	Charles D. Guskey	TX	\$ 329.00	Western Union	Unpapered Loan
3/24/98	Charles D. Guskey	TX	\$ 329.00	Western Union	Unpapered Loan
3/31/98	Charles D. Guskey	TX	\$ 329.00	Western Union	Unpapered Loan
4/5/98	Charles D. Guskey	TX	\$ 434.00	Western Union	Unpapered Loan
4/15/98	Charles D. Guskey	TX	\$ 5,003.00	Deposited into PCSI Bank Account	Unpapered Loan
5/15/98	Charles D. Guskey	TX	\$ 434.00	Western Union	Unpapered Loan
5/21/98	Charles D. Guskey	TX	\$ 222.00	Western Union	Unpapered Loan
5/22/98	Charles D. Guskey	TX	\$ 650.00	Western Union	Unpapered Loan
5/27/98	Charles D. Guskey	TX	\$ 543.00	Western Union	Unpapered Loan
5/30/98	Charles D. Guskey	TX	\$ 543.00	Western Union	Unpapered Loan
6/4/98	Charles D. Guskey	TX	\$ 8,000.00	Deposited into PCSI Bank Account	Unpapered Loan
6/9/98	Charles D. Guskey	TX	\$ 543.00	Western Union	Unpapered Loan
6/10/98	Charles D. Guskey	TX	\$ 12,000.00	Deposited into PCSI Bank Account	Unpapered Loan
6/24/98	Charles D. Guskey	TX	\$ 222.00	Western Union	Unpapered Loan
6/26/98	Charles D. Guskey	TX	\$ 3,000.00	Deposited into PCSI Bank Account	Unpapered Loan
7/9/98	Charles D. Guskey	TX	\$ 222.00	Western Union	Unpapered Loan
7/10/98	Charles D. Guskey	TX	\$ 434.00	Western Union	Unpapered Loan
7/15/98	Charles D. Guskey	TX	\$ 329.00	Western Union	Unpapered Loan
7/16/98	Charles D. Guskey	TX	\$ 4,000.00	Deposited into PCSI Bank Account	Unpapered Loan
7/27/98	Charles D. Guskey	TX	\$ 4,000.00	Deposited into PCSI Bank Account	Unpapered Loan
8/3/98	Charles D. Guskey	VA	\$ 1,000.00	Loan to Penn	Not a PCSI Obligation
8/3/98	Charles D. Guskey	TX	\$ 4,000.00	Deposited into PCSI Bank Account	Unpapered Loan
8/7/98	Charles D. Guskey	TX	\$ 7,000.00	Deposited into PCSI Bank Account	Unpapered Loan
8/7/98	Charles D. Guskey	TX	\$ 8,000.00	Deposited into PCSI Bank Account	Unpapered Loan
8/10/98	Charles D. Guskey	VA	\$ 3,000.00	Loan to Penn	Not a PCSI Obligation
8/13/98	Charles D. Guskey	VA	\$ 4,000.00	Loan to Penn	Not a PCSI Obligation
8/16/98	Charles D. Guskey	VA	\$ 2,000.00	Loan to Penn	Not a PCSI Obligation
8/18/98	Charles D. Guskey	VA	\$ 3,500.00	Loan to Penn	Not a PCSI Obligation
8/20/98	Charles D. Guskey	VA	\$ 500.00	Loan to Penn	Not a PCSI Obligation
8/20/98	Charles D. Guskey	TX	\$ 543.00	Western Union	Unpapered Loan

Date	Name	State	Amount	Comment	Terms
8/21/98	Charles D. Guskey	TX	\$ 2,000.00	Deposited into PCSI Bank Account	Unpapered Loan
8/24/98	Charles D. Guskey	VA	\$ 500.00	Loan to Penn	Not a PCSI Obligation
8/26/98	Charles D. Guskey	TX	\$ 2,000.00	Deposited into PCSI Bank Account	Unpapered Loan
8/28/98	Charles D. Guskey	VA	\$ 300.00	Loan to Penn	Not a PCSI Obligation
9/8/98	Charles D. Guskey	TX	\$ 329.00	Western Union	Unpapered Loan
9/9/98	Charles D. Guskey	TX	\$ 3,000.00	Deposited into PCSI Bank Account	Unpapered Loan
9/14/98	Charles D. Guskey	TX	\$ 5,000.00	Deposited into PCSI Bank Account	Unpapered Loan
9/17/98	Charles D. Guskey	TX	\$ 5,000.00	Deposited into PCSI Bank Account	Unpapered Loan
9/25/98	Charles D. Guskey	TX	\$ 5,000.00	Deposited into PCSI Bank Account	Unpapered Loan
10/1/98	Charles D. Guskey	TX	\$ 4,000.00	Deposited into PCSI Bank Account	Unpapered Loan
10/8/98	Charles D. Guskey	TX	\$ 434.00	Western Union	Unpapered Loan
10/15/98	Charles D. Guskey	TX	\$ 4,000.00	Deposited into PCSI Bank Account	Unpapered Loan
10/22/98	Charles D. Guskey	TX	\$ 5,000.00	Deposited into PCSI Bank Account	Unpapered Loan
11/3/98	Charles D. Guskey	TX	\$ 20,000.00	Deposited into PCSI Bank Account	Unpapered Loan
11/4/98	Charles D. Guskey	TX	\$ 10,000.00	Deposited into PCSI Bank Account	Unpapered Loan
11/9/98	Charles D. Guskey	TX	\$ 20,000.00	Deposited into PCSI Bank Account	Unpapered Loan
11/18/98	Charles D. Guskey	TX	\$ 10,000.00	Deposited into PCSI Bank Account	Unpapered Loan
11/25/98	Charles D. Guskey	TX	\$ 20,000.00	Deposited into PCSI Bank Account	Unpapered Loan
12/8/98	Charles D. Guskey	TX	\$ 15,000.00	Deposited into PCSI Bank Account	Unpapered Loan
12/10/98	Charles D. Guskey	TX	\$ 10,000.00	Deposited into PCSI Bank Account	Unpapered Loan
12/14/98	Charles D. Guskey	TX	\$ 20,000.00	Deposited into PCSI Bank Account	Unpapered Loan
12/18/98	Charles D. Guskey	TX	\$ 20,000.00	Deposited into PCSI Bank Account	Unpapered Loan
12/24/98	Charles D. Guskey	TX	\$ 30,000.00	Deposited into PCSI Bank Account	Unpapered Loan
1/6/99	Charles D. Guskey	TX	\$ 20,000.00	Deposited into PCSI Bank Account	Unpapered Loan
2/17/99	Charles D. Guskey	TX	\$ 10,000.00	Deposited into PCSI Bank Account	Unpapered Loan
2/20/99	Charles D. Guskey	TX	\$ 2,935.00	Western Union	Unpapered Loan
3/9/99	Charles D. Guskey	TX	\$ 1,075.00	Western Union	Unpapered Loan
3/11/99	Charles D. Guskey	TX	\$ 3,000.00	Deposited into PCSI Bank Account	Unpapered Loan
3/17/99	Charles D. Guskey	TX	\$ 1,805.00	Western Union	Unpapered Loan
3/17/99	Charles D. Guskey	TX	\$ 1,915.00	Western Union	Unpapered Loan
3/26/99	Charles D. Guskey	TX	\$ 1,300.00	Deposited into PCSI Bank Account	Unpapered Loan
3/26/99	Charles D. Guskey	TX	\$ 1,805.00	Western Union	Unpapered Loan
4/1/99	Charles D. Guskey	TX	\$ 7,500.00	Loan to Penn	Not a PCSI Obligation
4/7/00	Charles D. Guskey	TX	\$ 1,000.00	WU	Agree to Chuck's Stock Ownership
4/18/00	Charles D. Guskey	TX	\$ 5,000.00	Deposit Into Wells Fargo	Agree to Chuck's Stock Ownership
4/26/00	Charles D. Guskey	TX	\$ 500.00	WU	Agree to Chuck's Stock Ownership
5/4/00	Charles D. Guskey	TX	\$ 500.00	WU	Agree to Chuck's Stock Ownership
5/6/00	Charles D. Guskey	TX	\$ 100.00	Cash	Agree to Chuck's Stock Ownership
5/7/00	Charles D. Guskey	TX	\$ 500.00	Cash	Agree to Chuck's Stock Ownership
5/17/00	Charles D. Guskey	TX	\$ 3,250.00	Deposit Into Wells Fargo	Agree to Chuck's Stock Ownership
6/5/00	Charles D. Guskey	TX	\$ 500.00	WU	Agree to Chuck's Stock Ownership

PCSI - Charles Guskey

Date	Name	State	Amount	Comment	Terms
6/27/00	Charles D. Guskey	TX	\$ 500.00	WU	Agree to Chuck's Stock Ownership
7/1/00	Charles D. Guskey	TX	\$ 500.00	WU	Agree to Chuck's Stock Ownership
7/8/00	Charles D. Guskey	TX	\$ 300.00	WU	Agree to Chuck's Stock Ownership
7/12/00	Charles D. Guskey	TX	\$ 500.00	WU	Agree to Chuck's Stock Ownership
7/17/00	Charles D. Guskey	TX	\$ 3,300.00	Deposit Into Wells Fargo	Agree to Chuck's Stock Ownership
7/25/00	Charles D. Guskey	TX	\$ 700.00	WU	Agree to Chuck's Stock Ownership
8/1/00	Charles D. Guskey	TX	\$ 500.00	WU	Agree to Chuck's Stock Ownership
8/8/00	Charles D. Guskey	TX	\$ 1,000.00	WU	Agree to Chuck's Stock Ownership
8/16/00	Charles D. Guskey	TX	\$ 1,000.00	WU	Agree to Chuck's Stock Ownership
3/14/01	Charles D. Guskey	TX	\$ 6,125.00	Deposited into PCSI Bank Account	Undetermined
3/15/01	Charles D. Guskey	TX	\$ 100.00	Western Union to CMA	Undetermined
3/30/01	Charles D. Guskey	TX	\$ 200.00	Western Union to CMA	Undetermined
4/5/01	Charles D. Guskey	TX	\$ 2,300.00	Loan Depsit into PCSI Account	Undetermined
4/13/01	Charles D. Guskey	TX	\$ 300.00	Western Union to CMA	Undetermined
4/30/01	Charles D. Guskey	TX	\$ 300.00	Western Union to CMA	Undetermined
5/5/01	Charles D. Guskey	TX	\$ 200.00	Western Union to CMA	Undetermined
7/26/01	Charles D. Guskey	TX	\$ 10,665.26	Loan Depsit into PCSI Account	Undetermined
1/14/02	Charles D. Guskey	TX	\$ 7,000.00	Deposited in PCSI Account but went to the Bishops	Not a PCSI Obligation
10/12/04	Charles D. Guskey	TX	\$ 700.00	Cash Deposited into PCSI Bank Account	Unspecified
12/31/04	Charles D. Guskey	TX	\$ 12,500.00	Cash Loans for the year (Matt)	Unspecified

**\$ 410,678.26**  
**\$ (73,573.00)**  
**\$ 337,105.26**

**Total Unpapered/Unspecified/Undetermined Loans**  
**Less Payback**  
**Balance Due**

## 2002 Preferred Investment History

Date	Name	State	Amount	Comment	Terms
3/8/2002	Estate Of Chandu Patel	NJ	\$ 50,000.00	Deposited into PCSI Bank Account	Unpapered Loan
5/16/2002	Wells, Lyle	CA	\$ 25,000.00	Deposited into PCSI Bank Account	Note Unit Program (G)
7/11/2002	Gerald Setka	MD	\$ 3,000.00	Deposited into PCSI Bank Account	Unpapered Loan
8/21/2002	Estate Of Chandu Patel	NJ	\$ 15,000.00	Deposited into PCSI Bank Account	Unpapered Loan
8/23/2002	McLendon, Keith	GA	\$ 25,000.00	Deposited into PCSI Bank Account	Note Unit Program (H)
9/10/2002	King, Jeffrey	GA	\$ 25,000.00	Deposited into PCSI Bank Account	Note Unit Program (H)
9/27/2002	Estate Of Chandu Patel	NJ	\$ 18,000.00	Deposited into PCSI Bank Account	Unpapered Loan
10/23/2002	Gerald Setka	MD	\$ 5,000.00	Deposited into PCSI Bank Account	Unpapered Loan
10/31/2002	Estate Of Chandu Patel	NJ	\$ 10,000.00	Deposited into PCSI Bank Account	Unpapered Loan
11/12/2002	Sonal Financial, LLC.	NJ	\$ 10,000.00	Deposited into PCSI Bank Account	Unpapered Loan
11/21/2002	Gerald Setka	MD	\$ 5,000.00	Deposited into PCSI Bank Account	Unpapered Loan
11/22/2002	Sonal Financial, LLC.	NJ	\$ 5,000.00	Deposited into PCSI Bank Account	Unpapered Loan
12/9/2002	Leo Hiatrides	NY	\$ 10,000.00	Deposited into PCSI Bank Account	\$4.50 Stock (C)
12/13/2002	Linda Austin	CA	\$ 2,000.00	Deposited into PCSI Bank Account	Unpapered Loan
12/19/2002	McLendon, Keith	GA	\$ 25,000.00	Deposited into PCSI Bank Account	Note Unit Program (I) (S)
			<b>\$ 233,000.00</b>		
			<b>\$ 122,000.00</b>		

### Chuck E. Guskey Loan to the Bishops

Date	Name	State	Amount	Comment	Terms
1/14/2002	Charles D. Guskey	TX	\$ 7,000.00	Deposited in PCSI Account but went to the Bishops	Not a PCSI Obligation

Loan Payments					
Date	Name	State	Amount	Comment	Terms
8/5/2002	Charles D. Guskey	TX	\$ (2,000.00)	Loan repayment	Unspecified
8/21/2002	Charles D. Guskey	TX	\$ (400.00)	Loan repayment	Unspecified
8/23/2002	Charles D. Guskey	TX	\$ (1,000.00)	Loan repayment	Unspecified
8/23/2002	Gerald Setka	TX	\$ (3,000.00)	Deposited into PCSI Bank Account	Unpapered Loan
11/13/2002	Charles D. Guskey	TX	\$ (2,500.00)	Loan repayment	Unspecified
12/27/2002	Charles D. Guskey	TX	\$ (4,000.00)	Loan repayment	Unspecified
12/31/2002	Charles D. Guskey	TX	\$ (1,000.00)	Loan repayment	Unspecified
12/9/002	Charles D. Guskey	TX	\$ (2,500.00)	Loan repayment	Unspecified
			<b>\$ (16,400.00)</b>		



## 2002 Preferred Investment History

**\$ 122,000.00**

Date	Name of Warrant Holder	Number of Warrants	Exercise Price	Issue Date	Expiration Date
5/16/2002	Wells, Lyle L.	2,000	\$ 3.00	6/15/2002	6/15/2007
8/28/2002	McLendon, Dr. Keith M.	4,000	\$ 3.00	8/23/2002	8/23/2012
9/10/2002	King, Dr. Jeffrey	4,000	\$ 3.00	9/10/2002	9/10/2012
12/17/2002	McLendon, Dr. Keith M.	5,000	\$ 3.00	12/17/2002	12/17/2012
1/2/2003	King, Dr. Jeffrey	5,000	\$ 3.00	1/2/2003	1/2/2008
1/13/2003	King, Dr. Jeffrey	3,000	\$ 3.00	1/13/2003	1/13/2013
1/13/2003	McLendon, Dr. Keith M.	3,000	\$ 3.00	1/13/2003	1/13/2013
1/21/2003	Wells, Lyle L.	2,000	\$ 3.00	1/13/2003	1/13/2008
6/14/2003	Wells, Lyle L.	* 5000	\$ 3.00	6/14/2003	6/14/2013
2/25/2004	Chinuge, David W.	3,650	\$ 8.00	2/25/2004	2/24/2009
4/23/2004	Strong, Mark W.	400	\$ 8.00	5/25/2005	5/25/2010
5/25/2004	Strong, Mark W.	800	\$ 8.00	5/25/2005	5/25/2010
6/23/2004	Strong, Mark W.	800	\$ 8.00	5/25/2005	5/25/2010
10/15/2004	Wells, Lyle L.	2,000	\$ 8.00	10/15/2004	10/15/2014
10/15/2004	Wells, Lyle L.	5,000	\$ 8.00	10/15/2004	10/15/2014
1/14/2005	Simmons, Robert S.	400	\$ 10.00	1/14/2005	1/14/2010
1/24/2005	Simmons - The Simmons Family Trust	1,000	\$ 10.00	1/24/2005	1/24/2010
2/9/2005	Lynch, Kevin B.	1,000	\$ 10.00	2/9/2005	2/9/2010
2/26/2005	Traynor, J. Patrick	1,000	\$ 10.00	2/26/2005	2/26/2010
3/4/2005	Herrick, John & Sharlene	400	\$ 10.00	3/9/2005	3/9/2010
3/4/2005	Herrick, Julie	400	\$ 10.00	3/9/2005	3/9/2010
3/4/2005	Herrick, Jamison N. & Mary E.	1,000	\$ 10.00	3/9/2005	3/9/2010
3/7/2005	Brogdon, Ronald G. or Mary Ellen	200	\$ 10.00	5/5/2005	5/5/2010
3/7/2005	Allen - Barbara L. Allen Rev Turst UTD 6-9-00	1,000	\$ 10.00	3/7/2005	3/7/2010
3/7/2005	Allen - C. Robert Allen Rev Trust UTD 6-9-00	1,000	\$ 10.00	3/7/2005	3/7/2010
3/8/2005	Herrick, John & Sharlene	400	\$ 10.00	3/9/2005	3/9/2010
3/8/2005	Herrick, Julie	400	\$ 10.00	3/9/2005	3/9/2010
3/8/2005	Herrick, Jamison N. & Mary E.	600	\$ 10.00	3/9/2005	3/9/2010
3/8/2005	Herrick, James & Jane	800	\$ 10.00	3/8/2005	3/8/2010
3/10/2005	Leedy - J.M. Leedy Rev. TR UTD 8-20-92	2,000	\$ 10.00	3/10/2005	3/10/2010
3/14/2005	Orlof, Wladyslaw Jan	1,000	\$ 10.00	3/11/2005	3/11/2010
3/15/2005	Peterson - Albert R. Peterson & Lorraine A. Peterson TR U/A 2-24	1,000	\$ 10.00	3/15/2005	3/15/2010
3/18/2005	Wall, Duel Bennett	1,000	\$ 10.00	3/18/2006	3/18/2011
3/18/2005	Wall, Steven B.	4,000	\$ 10.00	3/25/2005	3/25/2010
3/22/2005	Huckins - Marilyn Huckins RLT U/A 1-21-93 (2354)	4,000	\$ 10.00	3/22/2005	3/22/2010
3/22/2005	Huckins - Marilyn Huckins RLT U/A 1-21-93 (5872)	4,000	\$ 10.00	3/22/2005	3/22/2010
3/25/2005	Eckert, Edwin J.	1,000	\$ 10.00	3/25/2005	3/25/2010
3/25/2005	Eckert, Eleanor	1,000	\$ 10.00	3/25/2005	3/25/2010
3/30/2005	Knowles, Edwin C.	2,000	\$ 10.00	3/30/2005	3/30/2010
4/4/2005	Halcott - Charles Kenneth E. Halcott, Jr. & Giselle R. Halcott	1,000	\$ 10.00	4/4/2005	4/4/2010
4/6/2005	Cwynar - The Cwynar Family Trust UTD 6-25-85	1,000	\$ 10.00	4/6/2005	4/6/2010
4/7/2005	Langford - Harold L. Langford & Johnnie F. Langford	600	\$ 10.00	4/18/2005	4/18/2010
4/7/2005	Solic, James F.	1,000	\$ 10.00	4/7/2005	4/7/2010
4/11/2005	Johnson - Jeffrey Scott Johnson & Diana Miriam Johnson Rev Fai	1,000	\$ 10.00	4/11/2005	4/11/2010
4/14/2005	Gough Family Rev. Living Trust #2 UA 05-23-91	1,000	\$ 10.00	4/14/2005	4/14/2010
4/15/2005	Langford - Charles H. Langford & Reba D. Langford	1,000	\$ 10.00	4/15/2005	4/15/2010
4/15/2005	Langford - James R. Langford & Kathey E. Langford	1,000	\$ 10.00	4/15/2005	4/15/2010
4/18/2005	Langford - Harold L. Langford & Johnnie F. Langford	400	\$ 10.00	4/18/2005	4/18/2010
4/18/2005	Kampen, Ted	1,000	\$ 10.00	4/18/2005	4/18/2010
4/19/2005	Agar - Rodney W. Agar & Dorothy J. Agar, JTW/ROS	2,000	\$ 10.00	5/3/2005	5/3/2010
4/22/2005	Towers - Towers 2001 Trust U/A 01-10-01	1,000	\$ 10.00	4/22/2005	4/22/2010
4/27/2005	Thayer - Richard C. Thayer & Mary Jane Thayer Rev Trust UTD 4	1,000	\$ 10.00	4/27/2005	4/27/2010
5/2/2005	Brown, Robert E. & Evelyn W.	1,000	\$ 10.00	5/2/2005	5/2/2010
5/5/2005	Brogdon, Ronald G. or Mary Ellen	1,800	\$ 10.00	5/5/2005	5/5/2010
5/17/2005	Brown - Kevin & Michelle Brown Famliy Trust	1,000	\$ 10.00	5/17/2005	5/17/2010
5/19/2005	Mayfield - The Marcia S. Mayfield Rev Trust DTD 5-1-01	1,000	\$ 10.00	5/19/2005	5/19/2010
6/1/2005	Potts - John T. Potts, Jr. & Marjorie J. Potts, JTWROS	1,000	\$ 10.00	6/1/2005	6/1/2010
6/2/2005	Opdyke, Richard S.	2,000	\$ 10.00	6/2/2005	6/2/2010
6/3/2005	Washington, Jr., James	1,000	\$ 10.00	6/3/2005	6/3/2010

Date	Name of Warrant Holder	Number of Warrants	Exercise Price	Issue Date	Expiration Date
6/6/2005	Kendrick - Gibney & Aileen Kendrick RLT	1,000	\$ 10.00	6/6/2005	6/6/2010
6/9/2005	Washington, Joseph L.	4,000	\$ 10.00	6/9/2006	6/9/2011
6/10/2005	Brown - FBO Kevin Brown, Trustee acct. #507-70646	1,000	\$ 10.00	6/10/2005	6/10/2010
6/20/2005	Fairbairn, Garland T.	1,000	\$ 10.00	6/20/2005	6/20/2010
6/23/2005	Stephenson, Gary L.	1,000	\$ 10.00	6/23/2005	6/23/2010
6/30/2005	Mazurek - The Kenneth E. Mazurek RLT	1,000	\$ 10.00	6/30/2005	6/30/2010
7/29/2005	Bridges, Leonard N. & Wilma R.	1,000	\$ 10.00	7/29/2005	7/29/2010
7/29/2005	Rodenhauser, Karl J.	1,000	\$ 10.00	7/29/2005	7/29/2010
8/10/2005	Smith - The William C. Smith & Ethel Elaine Smith Family Rev Liv	2,000	\$ 10.00	8/10/2005	8/10/2010
8/19/2005	Tino, Dennis J. & Debra F.	1,000	\$ 10.00	8/19/2005	8/19/2010
8/24/2005	Nguyen, Ha	1,000	\$ 10.00	8/24/2005	8/24/2010
9/22/2005	Wall, Patricia M.	1,000	\$ 10.00	9/22/2005	9/22/2010
9/26/2005	Odell, Byron C. & Laura M.	1,000	\$ 10.00	9/26/2005	9/26/2010
9/26/2005	Thayer - Richard C. Thayer & Mary Jane Thayer Rev Trust UTD 4	1,000	\$ 10.00	9/26/2005	9/26/2010
9/29/2005	Cwynar - The Cwynar Family Trust UTD 6-25-85	1,000	\$ 10.00	9/29/2005	9/29/2010
10/3/2005	Gregory, Norris Gregory, Jr. & Salena Gregory	1,000	\$ 10.00	10/3/2005	10/3/2010
10/3/2005	Ward - Vicki Ward & Julia Ward	1,000	\$ 10.00	10/3/2005	10/3/2010
10/3/2005	Foley, John F. & Lorraine C.	1,200	\$ 10.00	10/3/2005	10/3/2010
10/4/2005	Orlof, Wladyslaw Jan	600	\$ 10.00	10/4/2005	10/4/2010
10/4/2005	Calhoun, Walter or Sarah	1,000	\$ 10.00	10/4/2005	10/4/2010
10/4/2005	Vacio - Norma Bosley Vacio Family Trust	1,000	\$ 10.00	10/4/2005	10/4/2010
10/6/2005	Sandoval, Carmen G. & Eloy	1,000	\$ 10.00	10/6/2005	10/6/2010
10/11/2005	Gutierrez, Miguel A. & Maria A.	1,000	\$ 10.00	10/11/2005	10/11/2010
10/11/2005	Ward, Bobby L. & Julia	1,000	\$ 10.00	10/11/2005	10/11/2010
10/11/2005	Johnson, Victoria	2,000	\$ 10.00	10/11/2005	10/11/2010
10/12/2005	Kahancza, Zsolt & Kari	1,000	\$ 10.00	10/12/2005	10/12/2010
10/12/2005	Geraci, Larry E.	4,000	\$ 10.00	10/12/2005	10/12/2010
10/14/2005	Plut - John D. Plut, M.D., Inc. MPP & Trust	800	\$ 10.00	10/14/2005	10/14/2010
10/14/2005	Plut, Karen B.	800	\$ 10.00	10/14/2005	10/14/2010
10/18/2005	Griffin - Tommie Griffin or Ozella Griffin	1,000	\$ 10.00	10/18/2005	10/18/2010
10/18/2005	Thomason, Lee R. & Sue	1,000	\$ 10.00	10/18/2005	10/18/2010
10/19/2005	Maga, Dominic Joseph & Lisa Marie	560	\$ 10.00	1/6/2006	1/6/2011
10/19/2005	Traynor, J. Patrick	2,000	\$ 10.00	10/19/2005	10/19/2010
10/31/2005	Elliot, Philip F.	500	\$ 10.00	10/31/2005	10/31/2010
11/16/2005	Allen - Barbara L. Allen Rev Trust UTD 6-9-00	2,000	\$ 10.00	11/16/2005	11/16/2010
11/16/2005	Allen - C. Robert Allen Rev Trust UTD 6-9-00	2,000	\$ 10.00	11/16/2005	11/16/2010
11/29/2005	Matinog, Ronald C.	200	\$ 10.00	11/29/2005	11/29/2010
12/7/2005	Maga, Dominic Joseph & Lisa Marie	200	\$ 10.00	1/6/2006	1/6/2011
12/12/2005	Washington, Joseph L.	4,000	\$ 10.00	12/12/2005	12/12/2010
12/21/2005	Farries - Nathaniel J. Farries & Maria S. Farries, Trustees of The I	2,000	\$ 10.00	12/21/2005	12/21/2010
12/28/2005	Gunning, Benjamin & Wendy	1,000	\$ 10.00	12/28/2005	12/28/2010
12/28/2005	Gunning, Colton Wayne	1,000	\$ 10.00	12/28/2005	12/28/2010
12/28/2005	Gunning, Elijah James	1,000	\$ 10.00	12/28/2005	12/28/2010
12/28/2005	Gunning, Gabriel Gerald	1,000	\$ 10.00	12/28/2005	12/28/2010
12/28/2005	Gunning, Raymond & Ronda	1,000	\$ 10.00	12/28/2005	12/28/2010
12/28/2005	Gunning, Diane and Ted	3,000	\$ 10.00	12/25/2005	12/25/2010
1/4/2006	Semien, Jules M.	1,000	\$ 10.00	1/4/2006	1/4/2011
1/6/2006	Maga, Dominic Joseph & Lisa Marie	240	\$ 10.00	1/6/2006	1/6/2011
1/9/2006	Chinuge, David W.	400	\$ 10.00	1/9/2006	1/9/2011
1/13/2006	Williams - James Williams & Mary C. McIntyre/Williams	2,000	\$ 10.00	1/13/2006	1/13/2011
1/18/2006	Gast - Jeffrey C. Gast and Eliza A. Ridge	1,000	\$ 10.00	1/18/2006	1/18/2011
1/18/2006	Wells, Lyle L.	1,000	\$ 10.00	1/16/2006	1/16/2011
1/24/2006	Gorman, Edwina C.	2,000	\$ 10.00	1/24/2006	1/24/2011

Date	Name of Warrant Holder	Number of Warrants	Exercise Price	Issue Date	Expiration Date
1/27/2006	Howell, Richard H. Howell TTEE, Henry & Gertrude Family Trust	1,000	\$ 10.00	1/27/2006	1/27/2011
1/30/2006	Fry - Kenneth W. Fry & Lia R. Gutierrez	1,000	\$ 10.00	1/30/2006	1/30/2011
2/21/2006	Biderman, Benjamin H. & Barbara D.	1,000	\$ 10.00	2/27/2006	2/27/2011
2/27/2006	Biderman, Benjamin H. & Barbara D.	200	\$ 10.00	2/27/2006	2/27/2011
3/13/2006	Wall, Jeffrey V.	1,000	\$ 10.00	3/25/2006	3/25/2011
4/12/2006	Towers - Towers 2001 Trust U/A 01-10-01	1,000	\$ 10.00	4/12/2005	4/12/2010
4/17/2006	Smith - The William C. Smith & Ethel Elaine Smith Family Rev Liv	1,000	\$ 10.00	4/17/2006	4/17/2011
4/25/2006	Allen - Barbara L. Allen Rev Turst UTD 6-9-00	1,000	\$ 10.00	4/25/2006	4/25/2011
4/25/2006	Allen - C. Robert Allen Rev Trust UTD 6-9-00	1,000	\$ 10.00	4/25/2006	4/25/2011
4/25/2006	Fairbairn, Garland T. & Carolyn S.	1,000	\$ 10.00	4/25/2006	4/25/2011
4/25/2006	Opdyke, Richard S.	1,000	\$ 10.00	4/25/2006	4/25/2011
4/27/2006	Stephenson, Gary L.	1,000	\$ 10.00	4/27/2006	4/27/2011
4/27/2006	Ward, Bobby L. & Julia	1,000	\$ 10.00	4/27/2006	4/27/2011
4/27/2006	Ward, Vicki	1,000	\$ 10.00	4/27/2006	4/27/2011
4/27/2006	Johnson, Victoria	2,000	\$ 10.00	4/27/2006	4/27/2011
5/4/2006	Washington, Joseph L.	2,000	\$ 10.00	5/4/2006	5/4/2011
5/5/2006	Solic, James F.	1,000	\$ 10.00	5/5/2006	5/5/2011
5/9/2006	Fouts, Tom & Charlotte	1,000	\$ 10.00	5/9/2005	5/9/2010
5/15/2006	Ward, Susan L.	1,000	\$ 10.00	5/15/2006	5/15/2011
5/18/2006	Matinog, Ronald C.	200	\$ 10.00	5/18/2006	5/18/2011
5/22/2006	Trujillo, Edward & Maria	2,000	\$ 10.00	5/22/2006	5/22/2011
5/30/2006	Butler - A. Bates Butler, III & Ann J. Butler	1,000	\$ 10.00	5/30/2006	5/30/2011
5/30/2006	Washington, Jr., James	1,000	\$ 10.00	5/30/2006	5/30/2011
6/5/2006	Johnson - Jeffrey Scott Johnson & Diana Miriam Johnson Rev Fai	1,000	\$ 10.00	6/5/2006	6/5/2011
6/6/2006	Radick, Joe J.	1000	\$ 10.00	6/6/2006	6/6/2011
6/6/2006	Odell, Byron C. & Laura M.	1,000	\$ 10.00	6/6/2006	6/6/2011
6/6/2006	Chinuge, David W.	1,800	\$ 10.00	6/6/2006	6/6/2011
6/20/2006	Brogdon, Ronald G & Mary Ellen	1,000	\$ 10.00	6/20/2006	6/20/2011
6/20/2006	Clarke, Arlene	1,000	\$ 10.00	6/20/2006	6/20/2011
6/27/2006	Farries, Nathaniel & Maria	1,000	\$ 10.00	6/27/2006	6/27/2011
6/30/2006	Kampen, Ted	1,000	\$ 10.00	6/30/2006	6/30/2011
IRA	Yim, Bruce K. & Terry L.	3,000	\$ 10.00		
IRA	Chinuge, David	400	\$ 10.00		
	Scott, Neal Alan	28,960	\$ 10.00		
	Atnip, Lynn	35,715	\$ 10.00		
	Trujillo, Edward	24,800	\$ 10.00		
	Massey, Edward J.	5,720	\$ 10.00		
	Mazurek, Kenneth E.	500	\$ 10.00		
	McLendon, Dr. Keith M.	1,000	\$ 10.00		
	Washington, James Jr.	1,000	\$ 10.00		
	Maerki, Kent	6,920	\$ 10.00		
	McDuffy, Glenn Alan	5,525	\$ 10.00		
	Lakos, Anne	800	\$ 10.00		
	D'Amato, Rachele L.	250	\$ 10.00		
	Kinley, Roberta J.	1,350	\$ 10.00		
	Farrel, Frederick C.	1,350	\$ 10.00		
	Wall, Ben	720	\$ 10.00		
	Estrada, Robert R.	10,000	\$ 10.00		
	D'Amato, Rachele L.	2,500	\$ 10.00		
	Hassebrock, Talia M.	1,250	\$ 10.00		
	Austin, Charles M.	500,000		9/1/2000	
	Waugh, Pendleton C.	500,000		9/1/2000	
	McClain, Linda A.	88,000	\$ 10.00		
	Lawler, Michael D.	5,000	\$ 10.00		
	Calderon, Alejandro	250,000		9/1/2000	

Date	Name	Amount	Program	Broker
<b>1998-1999 Note Offering</b>				
2/9/1999	Judy, Michael D.	\$ 10,000.00		House/MG
2/12/1999	Judy, Michael D.	\$ -		House/MG
12/8/1998	Setka, Gerlad	\$ 175,000.00	Equipement Loan	House/MG
3/18/1999	Lakos, Anne M.	\$ -	Finder's Fee Agmt.	House/MG
<b>2002 Note Offering</b>				
5/16/2002	Wells, Lyle L.	\$ 25,000.00	1 Year C.P.N. 10%	House/MG
8/23/2002	McLendon, Dr. Keith M.	\$ 25,000.00	1 Year C.P.N. 12%	House/MG
9/10/2002	King, Dr. Jeffrey	\$ 25,000.00	1 Year C.P.N. 12%	House/MG
12/17/2002	McLendon, Dr. Keith M.	\$ 25,000.00	1 Year P.N. 12%	House/MG
1/2/2003	King, Dr. Jeffrey	\$ 25,000.00	1 Year P.N. 12%	House/MG
1/21/2003	Wells, Lyle L.	\$ 10,000.00	1 Year C.P.N. 12%	House/MG
		\$ 135,000.00		
<b>2004 Note Offering</b>				
2/25/2004	Chinuge, David W.	\$ 25,000.00	9% Con. Note	House/MG
5/25/2004	Strong, Mark W.	\$ 5,000.00	9% Con. Note	House/MG
5/25/2004	Strong, Mark W.	\$ 10,000.00	9% Con. Note	House/MG
5/25/2004	Strong, Mark W.	\$ 10,000.00	9% Con. Note	House/MG
		\$ 50,000.00		
<b>2005 Note Offering</b>				
1/14/2005	Simmons, Robert S.	\$ 10,000.00	3 Year P.N. 12%	Doc/LEA
1/24/2005	Simmons - The Simmons Family Trust	\$ 25,000.00	3 Year P.N. 12%	Doc/LEA
2/9/2005	Lynch, Kevin B.	\$ 25,000.00	3 Year P.N. 12%	Doc/LEA
2/26/2005	Traynor, J. Patrick	\$ 25,000.00	3 Year P.N. 12%	LEA
3/7/2005	Allen - Barbara L. Allen Rev Turst UTD 6-9-00	\$ 25,000.00	3 Year P.N. 12%	Doc/LEA
3/7/2005	Allen - C. Robert Allen Rev Trust UTD 6-9-00	\$ 25,000.00	3 Year P.N. 12%	Doc/LEA
3/8/2005	Herrick, James & Jane	\$ 20,000.00	3 Year P.N. 12%	Doc/LEA
3/9/2005	Herrick, Jamison N. & Mary E.	\$ 25,000.00	3 Year P.N. 12%	Doc/LEA
3/9/2005	Herrick, Jamison N. & Mary E.	\$ 15,000.00	3 Year P.N. 12%	Doc/LEA
3/9/2005	Herrick, John & Sharlene	\$ 10,000.00	3 Year P.N. 12%	Doc/LEA
3/9/2005	Herrick, John & Sharlene	\$ 10,000.00	3 Year P.N. 12%	Doc/LEA
3/9/2005	Herrick, Julie	\$ 10,000.00	3 Year P.N. 12%	Doc/LEA
3/9/2005	Herrick, Julie	\$ 10,000.00	3 Year P.N. 12%	Doc/LEA
3/10/2005	Leedy - J.M. Leedy Rev. TR UTD 8-20-92	\$ 50,000.00	3 Year P.N. 12%	Doc/LEA
3/14/2005	Orlof, Wladyslaw Jan	\$ 25,000.00	3 Year P.N. 12%	Doc/LEA
3/15/2005	Peterson - Albert R. Peterson & Lorraine A. Peterson TR U/A 2-24-99	\$ 25,000.00	3 Year P.N. 12%	Doc/LEA
3/18/2005	Wall, Duel Bennett	\$ 25,000.00	3 Year P.N. 12%	Doc/LEA
3/22/2005	Huckins - Marilyn Huckins RLT U/A 1-21-93 (2354)	\$ 100,000.00	3 Year P.N. 12%	Doc/LEA
3/22/2005	Huckins - Marilyn Huckins RLT U/A 1-21-93 (5872)	\$ 100,000.00	3 Year P.N. 12%	Doc/LEA
3/25/2005	Eckert, Edwin J.	\$ 25,000.00	3 Year P.N. 12%	Doc/LEA
3/25/2005	Eckert, Eleanor	\$ 25,000.00	3 Year P.N. 12%	Doc/LEA

3/25/2005	Wall, Steven B.	\$	100,000.00	3 Year P.N. 12%	Doc/LEA
3/30/2005	Knowles, Edwin C.	\$	50,000.00	3 Year P.N. 12%	Doc/LEA
4/4/2005	Halcott - Charles Kenneth E. Halcott, Jr. & Giselle R. Halcott	\$	25,000.00	3 Year P.N. 12%	Doc/LEA
4/6/2005	Cwynar - The Cwynar Family Trust UTD 6-25-85	\$	25,000.00	3 Year P.N. 12%	Doc/McDuffy
4/7/2005	Langford - Harold L. Langford & Johnnie F. Langford	\$	15,000.00	3 Year P.N. 12%	Doc/McDuffy
4/7/2005	Solic, James F.	\$	25,000.00	3 Year P.N. 12%	Doc/McDuffy
4/11/2005	Johnson - Jeffrey Scott Johnson & Diana Miriam Johnson Rev Family Trust 08-1990	\$	25,000.00	3 Year P.N. 12%	Doc/LEA
4/14/2005	Gough Family Rev. Living Trust #2 UA 05-23-91	\$	25,000.00	3 Year P.N. 12%	Doc/LEA
4/15/2005	Langford - Charles H. Langford & Reba D. Langford	\$	25,000.00	3 Year P.N. 12%	Doc/LEA
4/15/2005	Langford - James R. Langford & Kathey E. Langford	\$	25,000.00	3 Year P.N. 12%	Doc/LEA
4/18/2005	Kampen, Ted	\$	25,000.00	3 Year P.N. 12%	Doc/LEA
4/18/2005	Langford - Harold L. Langford & Johnnie F. Langford	\$	10,000.00	3 Year P.N. 12%	Doc/LEA
4/22/2005	Towers - Towers 2001 Trust U/A 01-10-01	\$	25,000.00	3 Year P.N. 12%	Doc/McDuffy
4/27/2005	Thayer - Richard C. Thayer & Mary Jane Thayer Rev Trust UTD 4-7-99	\$	25,000.00	3 Year P.N. 12%	Doc/LEA
5/2/2005	Brown, Robert E. & Evelyn W.	\$	25,000.00	3 Year P.N. 12%	Doc/McDuffy
5/3/2005	Agar - Rodney W. Agar & Dorothy J. Agar, JTw/ROS	\$	50,000.00	3 Year P.N. 12%	Doc/LEA
5/5/2005	Brogdon, Ronald G. or Mary Ellen	\$	10,000.00	3 Year P.N. 12%	LEA
5/5/2005	Brogdon, Ronald G. or Mary Ellen	\$	40,000.00	3 Year P.N. 12%	LEA
5/17/2005	Brown - Kevin & Michelle Brown Family Trust	\$	25,000.00	3 Year P.N. 12%	Doc/McDuffy
5/29/2005	Mayfield - The Marcia S. Mayfield Rev Trust DTD 5-1-01	\$	25,000.00	3 Year P.N. 12%	Ed Massey
6/1/2005	Potts - John T. Potts, Jr. & Marjorie J. Potts, JTWROS	\$	25,000.00	3 Year P.N. 12%	Ed Massey
6/2/2005	Opdyke, Richard S.	\$	50,000.00	3 Year P.N. 12%	Ed Massey
6/3/2005	Washington, Jr., James	\$	25,000.00	3 Year P.N. 12%	Ed Massey
6/6/2005	Kendrick - Gibney & Aileen Kendrick RLT	\$	25,000.00	3 Year P.N. 12%	Ed Massey
6/9/2005	Washington, Joseph L.	\$	100,000.00	3 Year P.N. 12%	Ed Massey
6/10/2005	Brown - FBO Kevin Brown, Trustee acct. #507-70646	\$	25,000.00	3 Year P.N. 12%	Ed Massey
6/20/2005	Fairbairn, Garland T.	\$	25,000.00	3 Year P.N. 12%	Ed Massey
6/23/2005	Stephenson, Gary L.	\$	25,000.00	3 Year P.N. 12%	Ed Massey
6/30/2005	Mazurek - The Kenneth E. Mazurek RLT	\$	25,000.00	3 Year P.N. 12%	Ed Massey
7/29/2005	Bridges, Leonard N. & Wilma R.	\$	25,000.00	3 Year P.N. 12%	Ed Massey
7/29/2005	Rodenhauser, Karl J.	\$	25,000.00	3 Year P.N. 12%	Leo Robinson/ House
8/10/2005	Smith - The William C. Smith & Ethel Elaine Smith Family Rev Living Trust	\$	50,000.00	3 Year P.N. 12%	Doc/McDuffy
8/19/2005	Tino, Dennis J. & Debra F.	\$	25,000.00	3 Year P.N. 12%	Doc/McDuffy
8/24/2005	Nguyen, Ha	\$	25,000.00	3 Year P.N. 12%	Brian Klein/House/MG
9/22/2005	Wall, Patricia M.	\$	25,000.00	3 Year P.N. 12%	LEA
9/26/2005	Odell, Byron C. & Laura M.	\$	25,000.00	3 Year P.N. 12%	Ed Massey
9/26/2005	Thayer - Richard C. Thayer & Mary Jane Thayer Rev Trust UTD 4-7-99	\$	25,000.00	3 Year P.N. 12%	Doc/LEA/Dan Spychalski
9/29/2005	Cwynar - The Cwynar Family Trust UTD 6-25-85	\$	25,000.00	3 Year P.N. 12%	Doc/McDuffy
10/3/2005	Foley, John F. & Lorraine C.	\$	30,000.00	3 Year P.N. 12%	ET/LEA
10/3/2005	Gregory, Norris Gregory, Jr. & Salena Gregory	\$	25,000.00	3 Year P.N. 12%	ET/LEA
10/3/2005	Ward - Vicki Ward & Julia Ward	\$	25,000.00	3 Year P.N. 12%	Doc/LEA/ET
10/4/2005	Calhoun, Walter or Sarah	\$	25,000.00	3 Year P.N. 12%	Ed Massey
10/4/2005	Orlof, Wladyslaw Jan	\$	15,000.00	3 Year P.N. 12%	Doc/LEA
10/4/2005	Vacio - Norma Bosley Vacio Family Trust	\$	25,000.00	3 Year P.N. 12%	House/BE/MG

10/6/2005	Sandoval, Carmen G. & Eloy	\$ 25,000.00	3 Year P.N. 12%	ET/LEA
10/11/2005	Gutierrez, Miguel A. & Maria A.	\$ 25,000.00	3 Year P.N. 12%	ET/LEA
10/11/2005	Johnson, Victoria	\$ 50,000.00	3 Year P.N. 12%	Doc/LEA/ET
10/11/2005	Ward, Bobby L. & Julia	\$ 25,000.00	3 Year P.N. 12%	Doc/LEA/ET
10/12/2005	Geraci, Larry E.	\$ 100,000.00	3 Year P.N. 12%	LEA
10/12/2005	Kahancza, Zsolt & Kari	\$ 25,000.00	3 Year P.N. 12%	Doc/LEA/ET
10/14/2005	Plut - John D. Plut, M.D., Inc. MPP & Trust	\$ 20,000.00	3 Year P.N. 12%	ET/LEA
10/14/2005	Plut, Karen B.	\$ 20,000.00	3 Year P.N. 12%	ET/LEA
10/18/2005	Griffin - Tommie Griffin or Ozella Griffin	\$ 25,000.00	3 Year P.N. 12%	Doc/Bud Blumenfeld
10/18/2005	Thomason, Lee R. & Sue	\$ 25,000.00	3 Year P.N. 12%	Ann Lakos/Lynn Atnip
10/19/2005	Traynor, J. Patrick	\$ 50,000.00	3 Year P.N. 12%	LEA
10/31/2005	Elliot, Philip F.	\$ 12,500.00	3 Year P.N. 12%	Doc/McDuffy
11/16/2005	Allen - Barbara L. Allen Rev Turst UTD 6-9-00	\$ 50,000.00	3 Year P.N. 10%	Doc/LEA
11/16/2005	Allen - C. Robert Allen Rev Trust UTD 6-9-00	\$ 50,000.00	3 Year P.N. 12%	Doc/LEA
11/29/2005	Matinog, Ronald C.	\$ 5,000.00	3 Year P.N. 12%	R2/BE/MG
12/12/2005	Washington, Joseph L.	\$ 100,000.00	3 Year P.N. 12%	Ed Massey
12/21/2005	Farries - Nathaniel J. Farries & Maria S. Farries, Trustees of The Farries Family Trust Dated 9-29-05	\$ 50,000.00	3 Year P.N. 12%	LEA/ET
12/28/2005	Gunning, Benjamin & Wendy	\$ 25,000.00	3 Year P.N. 12%	FF/RK
12/28/2005	Gunning, Colton Wayne	\$ 25,000.00	3 Year P.N. 12%	FF/RK
12/28/2005	Gunning, Diane and Ted	\$ 75,000.00	3 Year P.N. 12%	FF/RK
12/28/2005	Gunning, Elijah James	\$ 25,000.00	3 Year P.N. 12%	FF/RK
12/28/2005	Gunning, Gabriel Gerald	\$ 25,000.00	3 Year P.N. 12%	FF/RK
12/28/2005	Gunning, Raymond & Ronda	\$ 25,000.00	3 Year P.N. 12%	FF/RK
1/4/2006	Semien, Jules M.	\$ 25,000.00	3 Year P.N. 12%	Ed Trujillo
1/6/2006	Maga, Dominic Joseph & Lisa Marie	\$ 14,000.00	3 Year P.N. 12%	Doc/Bud
1/6/2006	Maga, Dominic Joseph & Lisa Marie	\$ 5,000.00	3 Year P.N. 12%	Doc/Bud
1/6/2006	Maga, Dominic Joseph & Lisa Marie	\$ 6,000.00	3 Year P.N. 12%	Doc/Bud
1/9/2006	Chinuge, David W.	\$ 10,000.00	3 Year P.N. 12%	House/MG
1/13/2006	Williams - James Williams & Mary C. McIntyre/Williams	\$ 50,000.00	3 Year P.N. 12%	Kent Maerki
1/18/2006	Wells, Lyle L.	\$ 25,000.00	3 Year P.N. 10%	House/MG
1/18/2006	Gast - Jeffrey C. Gast and Eliza A. Ridge	\$ 25,000.00	3 Year P.N. 12%	Kent Maerki
1/24/2006	Gorman, Edwina C.	\$ 50,000.00	3 Year P.N. 12%	Anne Lakos/LEA
1/27/2006	Howell, Richard H. Howell TTEE, Henry & Gertrude Family Trust	\$ 25,000.00	3 Year P.N. 12%	Ed Massey
1/30/2006	Fry - Kenneth W. Fry & Lia R. Gutierrez	\$ 25,000.00	3 Year P.N. 12%	Fred Manfredi
2/27/2006	Biderman, Benjamin H. & Barbara D.	\$ 25,000.00	3 Year P.N. 12%	Fred Manfredi
2/27/2006	Biderman, Benjamin H. & Barbara D.	\$ 5,000.00	3 Year P.N. 12%	Fred Manfredi
3/13/2006	Wall, Jeffrey V.	\$ 25,000.00	3 Year P.N. 12%	LEA
		\$ 3,102,500.00		
<b>2006 Note Offering</b>				
4/12/2006	Towers - Towers 2001 Trust U/A 01-10-01	\$ 25,000.00	9 Month P.N. 14%	Doc/McDuffy
4/17/2006	Smith - The William C. Smith & Ethel Elaine Smith Family Rev Living Trust	\$ 25,000.00	9 Month P.N. 14%	Doc/McDuffy
4/25/2006	Allen - Barbara L. Allen Rev Turst UTD 6-9-00	\$ 25,000.00	9 Month P.N. 14%	Doc/LEA
4/25/2006	Allen - C. Robert Allen Rev Trust UTD 6-9-00	\$ 25,000.00	9 Month P.N. 14%	Doc/LEA
4/25/2006	Fairbairn, Garland T. & Carolyn S.	\$ 25,000.00	9 Month P.N. 14%	Ed Massey



4/25/2006	Opdyke, Richard S.	\$	25,000.00	9 Month P.N. 14%	Ed Massey
4/27/2006	Johnson, Victoria	\$	50,000.00	9 Month P.N. 14%	Doc/LEA/ET
4/27/2006	Stephenson, Gary L.	\$	25,000.00	9 Month P.N. 14%	Ed Massey
4/27/2006	Ward, Bobby L. & Julia	\$	25,000.00	9 Month P.N. 14%	Doc/LEA/ET
4/27/2006	Ward, Vicki	\$	25,000.00	9 Month P.N. 14%	Doc/LEA/ET
5/4/2006	Washington, Joseph L.	\$	50,000.00	9 Month P.N. 14%	Ed Massey
5/5/2006	Solic, James F.	\$	25,000.00	9 Month P.N. 14%	Doc/McDuffy
5/9/2006	Fouts, Tom & Charlotte	\$	25,000.00	9 Month P.N. 14%	ET/LEA
5/15/2006	Ward, Susan L.	\$	25,000.00	9 Month P.N. 14%	Doc/LEA/ET
5/18/2006	Matinog, Ronald C.	\$	5,000.00	9 Month P.N. 14%	R2/BE/MG
5/22/2006	Trujillo, Edward & Maria	\$	49,960.00	9 Month P.N. 14%	Doc/LEA
5/30/2006	Butler - A. Bates Butler, III & Ann J. Butler	\$	25,000.00	9 Month P.N. 14%	Brass
5/30/2006	Washington, Jr., James	\$	25,000.00	9 Month P.N. 14%	Massey/Bob
6/5/2006	Johnson - Jeffrey Scott Johnson & Diana Miriam Johnson Rev Family Trust 08-1990	\$	25,000.00	9 Month P.N. 14%	Doc/LEA/RC
6/6/2006	Chinuge, David W.	\$	45,000.00	9 Month P.N. 14%	House/MG
6/6/2006	Odell, Byron C. & Laura M.	\$	25,000.00	9 Month P.N. 14%	Ed Massey
6/6/2006	Radick, Joe J.	\$	6,100.00	9 Month P.N. 14%	House/R1
6/20/2006	Clark, Arlene	\$	25,000.00	9 Month P.N. 14%	FF/RK
6/20/2006	Brogdon, Ronald G & Mary Ellen	\$	25,000.00	9 Month P.N. 14%	LEA
6/28/2006	Farries, Nathaniel & Maria	\$	5,000.00	9 Month P.N. 14%	ET/LEA/MG
6/30/2006	Kampen, Ted	\$	25,000.00	9 Month P.N. 14%	Doc/LEA/CB
7/24/2006	Yim, Bruce Keoni	\$	58,984.55	9 Month P.N. 14%	LEA
7/24/2006	Yim, Terry Langley	\$	15,975.00	9 Month P.N. 14%	LEA
7/24/2006	Chinuge, David	\$	5,000.00	9 Month P.N. 14%	House/MG
8/31/2006	Radick, Joseph J. & Levan C.	\$	18,667.12	9 Month P.N. 14%	House/R2
		\$	<b>784,686.67</b>		

\$ 715,313.33 \$ 28.61

Early Preferred Stock Offering					
2/17/1999	Talcott - John G. Talcott, III and/or Dorothea J. Talcott	\$	30,000.00	\$3.00 P. Stock	CMA
3/17/1999	Eldredge, Winthrop P. (formerly Hewlett, P.)	\$	30,000.00	<b>\$4.50 P. Stock</b>	House/MG
3/30/1999	Clark - Glenn E. Clark & Vera M. Clark Trustees for Glenn & Vera Clark Trust A-A-7-30-82	\$	30,000.00	<b>\$4.50 P. Stock</b>	House/MG
4/7/1999	Hiatrides - Leo Hiatrides & Diane McGaw JTw/ROS	\$	30,000.00	\$4.50 P. Stock	House/MG
4/19/1999	Chinuge, David W.	\$	12,500.00	<b>\$4.50 P. Stock</b>	House/MG
4/26/1999	Sumitra C. Patel	\$	275,000.00	\$4.50 P. Stock	CMA
5/25/1999	Chinuge, David W.	\$	15,000.00	<b>\$4.50 P. Stock</b>	House/MG
6/24/1999	Sumitra C. Patel	\$	200,000.00	\$4.50 P. Stock	CMA
6/28/1999	Chinuge, David W.	\$	2,500.00	<b>\$4.50 P. Stock</b>	House/MG
7/16/1999	Sumitra C. Patel	\$	50,000.00	\$4.50 P. Stock	CMA
8/13/1999	Sumitra C. Patel	\$	150,000.00	\$4.50 P. Stock	CMA
11/2/1999	Sumitra C. Patel	\$	60,000.00	\$4.50 P. Stock	CMA
1/27/2000	Sumitra C. Patel	\$	200,000.00	\$4.50 P. Stock	CMA
5/22/2000	Tucker - First Trust Corp., TTEE for Paul Permewan Tucker	\$	30,000.00	\$4.50 P. Stock	House/MG



5/30/2000	Hiatrides, Leo	\$	30,000.00	\$4.50 P. Stock	House/MG
7/12/2000	Sumitra C. Patel	\$	15,000.00	\$4.50 P. Stock	CMA
8/17/2000	Jones - First Trust Corp. TTEE for Lee A. Jones	\$	30,000.00	\$4.50 P. Stock	House/MG
12/14/2000	Schofer, R. Frederick	\$	30,000.00	\$4.50 P. Stock	House/MG
9/25/2001	Patel, Ameer A.	\$	27,000.00	\$4.50 P. Stock	House/MG
9/25/2001	Patel, Rajen A.	\$	27,000.00	\$4.50 P. Stock	House/MG
12/9/2002	Hiatrides, Leo	\$	10,000.00	\$4.50 P. Stock	House/MG

#### 2005 Stock Offering

11/10/2004	Wells, Lyle L.	\$	22,500.00	\$4.50 P. Stock	House/MG
1/21/2005	Talcott, John Jr.	\$	11,250.00	\$4.50 P. Stock	House/MG
2/10/2005	AMLAW Pure Trust Organization	\$	22,500.00	\$4.50 P. Stock	Doc/LEA
2/18/2005	MAKDS - The MAKDS Family Pure Trust	\$	25,002.00	\$4.50 P. Stock	Doc/LEA
2/23/2005	Dorsa, Lawrence R.	\$	25,002.00	\$4.50 P. Stock	Doc/LEA
3/7/2005	Allen - Barbara L. Allen Rev Turst UTD 6-9-00	\$	25,002.00	\$4.50 P. Stock	Doc/LEA
3/7/2005	Allen - C. Robert Allen Rev Trust UTD 6-9-00	\$	25,002.00	\$4.50 P. Stock	Doc/LEA
3/25/2005	Johnson, Victoria	\$	225,000.00	\$4.50 P. Stock	Doc/LEA/ET
3/25/2005	Ward - Linda M. Menor & Julia Ward	\$	11,250.00	\$4.50 P. Stock	Doc/LEA/ET
3/25/2005	Ward - Susan L. Ward & Julia Ward	\$	11,250.00	\$4.50 P. Stock	Doc/LEA/ET
3/25/2005	Ward - Vicki Ward & Julia Ward	\$	25,200.00	\$4.50 P. Stock	Doc/LEA/ET
3/25/2005	Ward, Bobby L. & Julia	\$	48,150.00	\$4.50 P. Stock	Doc/LEA/ET
3/28/2005	Corral - Manuel C. Corral & Josephine Corral	\$	22,500.00	\$4.50 P. Stock	DOC/LEA/ET
3/28/2005	Kahancza, Zsolt & Kari	\$	22,500.00	\$4.50 P. Stock	Doc/LEA/ET
3/30/2005	Spargur - Aurora Spargur SPT	\$	4,500.00	\$4.50 P. Stock	Doc/LEA/ET
4/1/2005	Coughlin - The Coughlin Family RLT UAD 7-15-05, Edward V. Coughlin, TTEE and/or Rachel Coughlin, TTEE	\$	4,500.00	\$4.50 P. Stock	Doc/LEA
4/4/2005	Marquez, Julie & Val	\$	9,000.00	\$4.50 P. Stock	Doc/LEA/ET
4/4/2005	Rather - Mike Rather, Susan Rather & Lisa Farvour	\$	9,000.00	\$4.50 P. Stock	Doc/LEA/ET
4/4/2005	Romero - Manuel B. Romero & Gabriela J. Romero	\$	4,500.00	\$4.50 P. Stock	Doc/LEA/ET
4/4/2005	Zerphey, Robert & Mary	\$	4,500.00	\$4.50 P. Stock	Doc/LEA/ET
4/5/2005	Trujillo, Edward & Maria	\$	56,250.00	\$4.50 P. Stock	Doc/LEA
4/6/2005	Ward - Susan Ward & Duran Ward J/T	\$	4,500.00	\$4.50 P. Stock	Doc/LEA/ET
4/13/2005	Kellerman - Thomas G. Kellerman LT UA 7-13-99	\$	4,500.00	\$4.50 P. Stock	Doc/LEA/ET
4/14/2005	Spargur - Aurora Spargur SPT	\$	18,000.00	\$4.50 P. Stock	Doc/LEA/ET

#### 2006 Preferred Stock Offering (\$7.50)

5/30/2006	Kellerman, Thomas G. & Aurora	\$	7,500.00	\$7.50 P. Stock	Doc/LEA/ET/BE
6/1/2006	Smith - The William C. Smith & Ethel Elaine Smith Family Rev Living Trust	\$	22,500.00	\$7.50 P. Stock	Doc/McDuffy/Bob
6/1/2006	Wells, Lyle L.	\$	7,500.00	\$7.50 P. Stock	House/MG
6/2/2006	Agar - Rodney W. Agar & Dorothy J. Agar, JTw/ROS	\$	15,000.00	\$7.50 P. Stock	Doc/LEA/CB
6/2/2006	Eckert, Edwin J.	\$	20,000.00	\$7.50 P. Stock	Doc/LEA/CB
6/2/2006	Eckert, Eleanor	\$	15,000.00	\$7.50 P. Stock	Doc/LEA/CB
6/2/2006	Yim, Bruce K. & Terry L.	\$	15,000.00	\$7.50 P. Stock	LEA
6/5/2006	Gorman, Edwina C.	\$	25,000.00	\$7.50 P. Stock	Anne Lakos/LEA/CB
6/5/2006	Johnson - Jeffrey Scott Johnson & Diana Miriam Johnson Rev Family Trust 08-1990	\$	24,997.50	\$7.50 P. Stock	Doc/LEA/CB

6/6/2006	Gough Family Rev. Living Trust #2 UA 05-23-91	\$	7,500.00	\$7.50 P. Stock	Doc/LEA/CB
6/6/2006	Gutierrez, Miguel A. & Maria A.	\$	7,500.00	\$7.50 P. Stock	ET/LEA/CB
6/6/2006	Johnson, Victoria	\$	15,000.00	\$7.50 P. Stock	Doc/LEA/ET/BE
6/6/2006	Linney, Warren	\$	3,750.00	\$7.50 P. Stock	CB/House/MG
6/6/2006	Plut - John D. Plut, M.D., Inc. MPP & Trust	\$	15,000.00	\$7.50 P. Stock	ET/LEA/CB
6/6/2006	Plut, Karen B.	\$	15,000.00	\$7.50 P. Stock	ET/LEA/CB
6/6/2006	Traynor, J. Patrick	\$	7,500.00	\$7.50 P. Stock	LEA
6/6/2006	Ward, Bobby L. & Julia	\$	7,500.00	\$7.50 P. Stock	Doc/LEA/ET
6/9/2006	Kendrick - Gibney & Aileen Kendrick RLT	\$	7,500.00	\$7.50 P. Stock	Ed Massey/CB
6/12/2006	Howell, Richard H. Howell TTEE, Henry & Gertrude Family Trust	\$	7,500.00	\$7.50 P. Stock	Ed Massey/Bob E
6/14/2006	Troesh, Jon M. & Elsa M.	\$	30,000.00	\$7.50 P. Stock	ET/LEA
6/14/2006	Zerphey, Robert & Mary	\$	7,500.00	\$7.50 P. Stock	Doc/LEA/ET
6/20/2006	Ward, Susan	\$	7,500.00	\$7.50 P. Stock	Doc/LEA/ET
6/20/2006	Ward, Vicki	\$	7,500.00	\$7.50 P. Stock	Doc/LEA/ET
6/20/2006	Menor, Linda M. & Jeffrey C.	\$	7,500.00	\$7.50 P. Stock	Doc/LEA/ET
6/29/2006	Foley, John & Lorriane	\$	22,500.00	\$7.50 P. Stock	ET/LEA/MG
8/9/2006	Traynor, J. Patrick	\$	15,000.00	\$7.50 P. Stock	LEA